

# DANONE SPECIALIZED NUTRITION INDONESIA

Sustainability Report 2017-2018



**NUTRICIA**



**NUTRICIA**  
Advanced Medical Nutrition



# DANONE

Bringing Health through Food to as  
Many People as Possible

Sustainability Report Danone  
Specialized Nutrition  
2017-2018



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Advanced Medical Nutrition

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## CEO MESSAGE



Dear Readers,

Being sustainable is the ability of a human being to persist for a very long time amidst the challenge in climate condition, food source, and biodiversity. At Danone SN Indonesia, we believe that we need to give back to the earth whatever we take from the earth. The essence of sustainability is about protecting human health. We believe a healthy body needs healthy food. And healthy food needs a healthy planet. These words reflect our vision, ONE PLANET ONE HEALTH, that the health of people and the health of the planet are interconnected. After all, we only have one planet and one life to live.

At Danone SN Indonesia, our focus is to provide nutrition to key stages in life, especially for the first 3,000 days of life. We want to support the healthy development of a child through a scientific approach, which has been our expertise since the beginning of our establishment. We believe that no child in Indonesia should be left behind because of lack of access to nutrition or education. We believe that every

child in Indonesia should have access and hence the right to grow and develop to his potential. And that includes the nutrition access to body and mind, so that he can grow physically and mentally, and learn and build capabilities in life and be fit to progress. Our aim is to secure human health as the main source of human capital, especially in Indonesia. This is in line with the vision of President Joko Widodo in developing human capital in Indonesia.

Scientific research has always been the basis of our business where we use micronutrients and macronutrients in our products to develop a healthy gut. We believe that a healthy body starts with a healthy gut. In the case of Indonesia, who suffers from triple burden of malnutrition, a healthy gut allows nutrition to be absorbed by the body, which will prevent stunted growth. At Danone, we recognise the importance of a healthy gut for our overall health and wellbeing. For over 40 years, we have carried out pioneering research into gut development and function, as well as the modulation of the gut microbiota through nutrition.

In addition, we continuously pioneer nutritional innovations for the management of allergic diseases through prevention and treatment. We have done a

*"Sustainability is about protecting human health. No child should be left behind in Indonesia."*

lot of work and services in diagnosing, treatment and providing education to our stakeholders, consumers, and healthcare professionals on the dietary management of allergy through nutrition intervention. Danone SN Indonesia is working together with the Government of Indonesia to address stunting issue, reducing anemia and other nutrition problems in the country with all of our stakeholders. We understand that stunting is a complex issue that requires multi-sectoral approach, and hence we need to partner with relevant stakeholders to find solutions for this together in Indonesia. And as Danone we want to play out part.

We believe in inclusive growth together with our employees and stakeholders. We believe everyone is unique and has different personalities. We embrace this diversity to bring high performance in our team while respecting one another. We are aware that we cannot solve the problem in the world alone. That is why we are open to partnership with everyone because, in the end, we have the same goal to achieve.

As the citizen of the world, we understand our responsibility for the planet. We implement responsible consumption and production in our operations, including water and energy efficiency, and zero waste to landfill. These efforts are applied throughout our operations, office and also in our surrounding community. And we are proud that through our brands SGM, BEBELAC and NUTRILON,

we deliver these promises also on our services and our products.

We continuously working to empower our communities through programmes that aims to develop health and nutrition, early childhood education, development of local economy, women empowerment and to provide aid for natural disasters. We relentlessly educate the communities on the importance of health and nutrition and fight for equity through women empowerment. Our programmes, such as Rumah Srikandi, Warung Anak Sehat, Rumah Bunda Sehat, Project Merapi, Taman Pintar, are some examples of our contribution to support the community.

Internally, we encourage women inclusion in the workforce, and about 50% of our managers in Danone SN Indonesia are women, and we have 6 months maternity fully paid, and 10 days paternity leave fully paid. As we believe this is a precious moment in a parent's life, and we want to support our employees through this key moment in their family life.

At this moment, I would like to welcome you to our Sustainability Report 2018. This report is our opportunity to share our journey towards sustainability. It reflected the positive steps that we have taken so far as well as the challenges we continue to face. It helps us understand both the areas in which we have made progress and those that we need to further develop. While I am proud of our achievements so far, I am aware that there is still a lot more for us to do. I welcome your feedback as our journey continues.

**Connie Ang**

President Director

Danone Specialized Nutrition Indonesia


# HIGHLIGHTS

Our products are based on ongoing research and innovation by our experts to provide the best nutrition for the children in Indonesia.

We embrace Inclusive Diversity as we have diverse ratio of our 40% female and 60% male employees.







We relentlessly provide nutritional education to the mothers and health workers across Indonesia about the importance of nutrition, especially in the critical age of children - the first 3,000 days.

We are family-friendly company that provides 6 months maternity and 10 days of paternity leave.

01.



# One Planet One Health

Overview  
Our Mission  
Our Journey  
Sustainability Structure  
Our Product  
Careline  
Member of Association  
Awards and Certifications  
About this Report  
Stakeholders Engagement  
Material Aspect  
Key Topics for Our 2018  
Sustainability Report

## Overview

*[GRI 102-1, GRI 102-2, GRI 102-4, GRI 102-7, GRI 102-8, GRI 102-16, GRI 102-45]*

Danone is a leading food and beverage company operating in 160 countries. It is focused on building our business in three business lines: Specialized Nutrition, Essential Dairy and Plant-Based, and Water.

Danone Global has decided to expand its network in Indonesia, one of which is by building Danone Specialized Nutrition (Danone SN). Danone SN in Indonesia is a business category consisting of Early Life Nutrition (ELN) and Advanced Medical Nutrition (AMN). Both focus on research and science-based nutrition that is designed to provide health benefits through food for people in need, from pregnant women, children, to children with special needs. Danone SN in Indonesia consists of 4 companies, namely PT. Sarihusada Generasi Mahardhika, PT. Nutricia Indonesia Sejahtera, PT. Sugizindo, and PT. Nutricia Medical Nutrition, which are led by a General Manager.

For more than 100 years, Nutricia has pioneered early life nutrition (ELN). Nutricia is committed to developing new products, providing services, and utilising technology so that parents can provide the best nutrition for their baby in the First 1,000 Days of Life.

PT Sarihusada Generasi Mahardhika (SGM) is a company that manufactures various nutritional products for pregnant and breastfeeding women as well as children. Apart from having a good taste, the product is also affordable and comply with international standard. Sarihusada has been operating in Indonesia since 1954 and hence serves as a concrete manifestation of the National Protein Adequacy Programme organised by the Indonesian government together with the United Nations (UN). We employ more than 1,400 employees operating in Ciracas, Sentul, Yogyakarta and Prambanan. We focus on offering nutritional solutions to improve the health and well-being of vulnerable individuals.

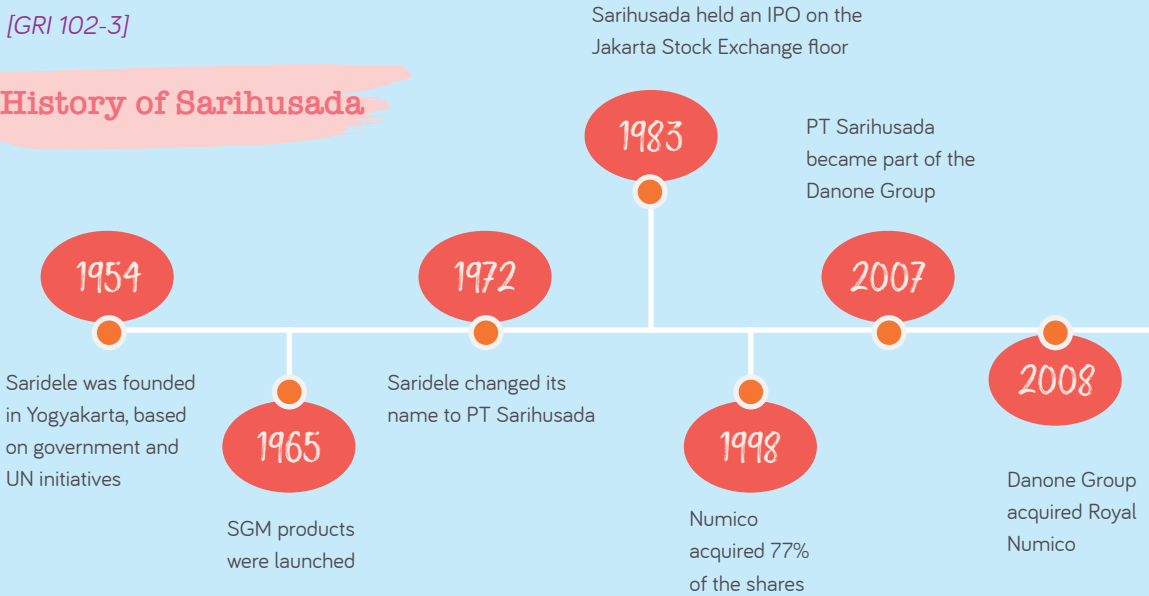
## Our Mission

Danone Specialized Nutrition Indonesia is your first choice to bring good health and well-being at essential times of life through innovative nutritional solutions, rooted in science, and acknowledged by health leaders.

## Our Journey

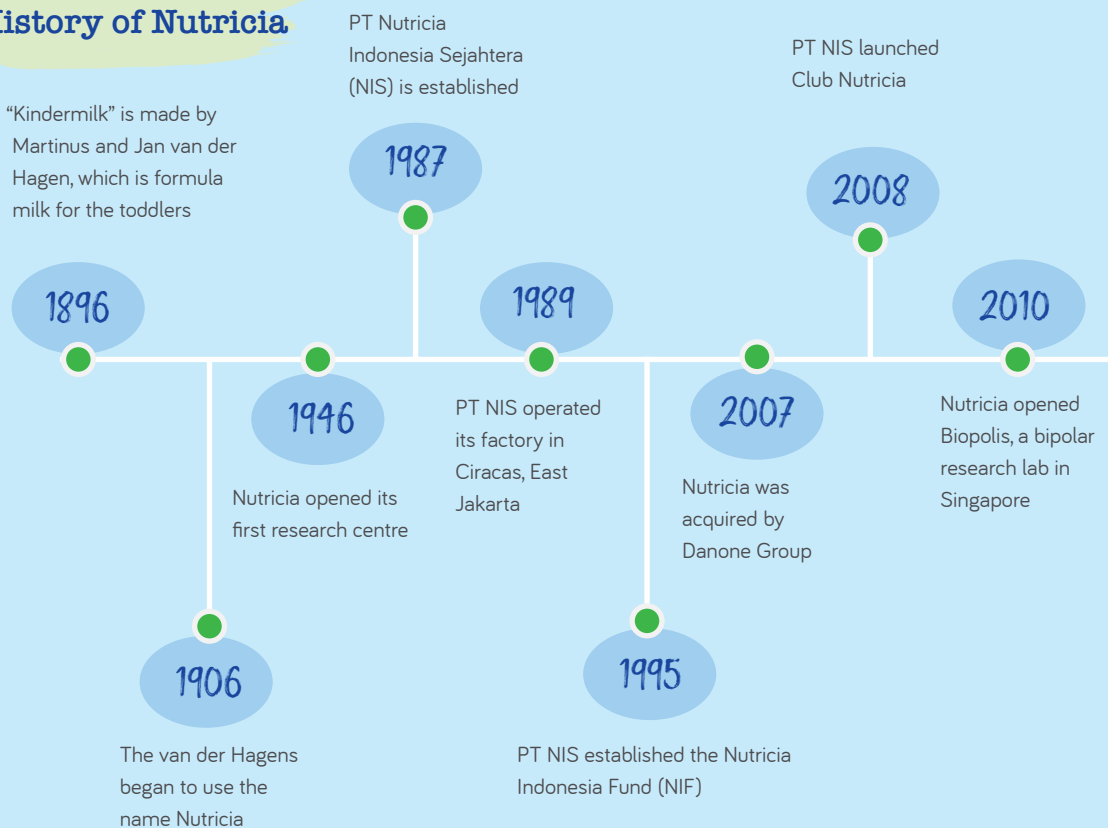
[GRI 102-3]

### History of Sarihusada



### History of Nutricia

“Kindermilk” is made by Martinus and Jan van der Hagen, which is formula milk for the toddlers



### History of Nutricia Medical Nutrition

2009

Nutricia Medical Nutrition (NMN) was established in Indonesia



DANONE SPECIALIZED NUTRITION INDONESIA

2018



2012

Changed its name to PT Sarihusada Generasi Mahardhika



PT NIS launched the Sugizindo Sustainable Development programme in Sentul, Bogor

2012

2011

PT NIS launched an educational support programme on Early Life Nutrition (ELN)



2013

Nutricia launched Careline 24/7

### Our Head Office

Cyber 2 Tower Lt.12  
Jl. HR. Rasuna Said No.13, Kuningan Timur,  
RT.7/RW.2, Jakarta Selatan, 12950

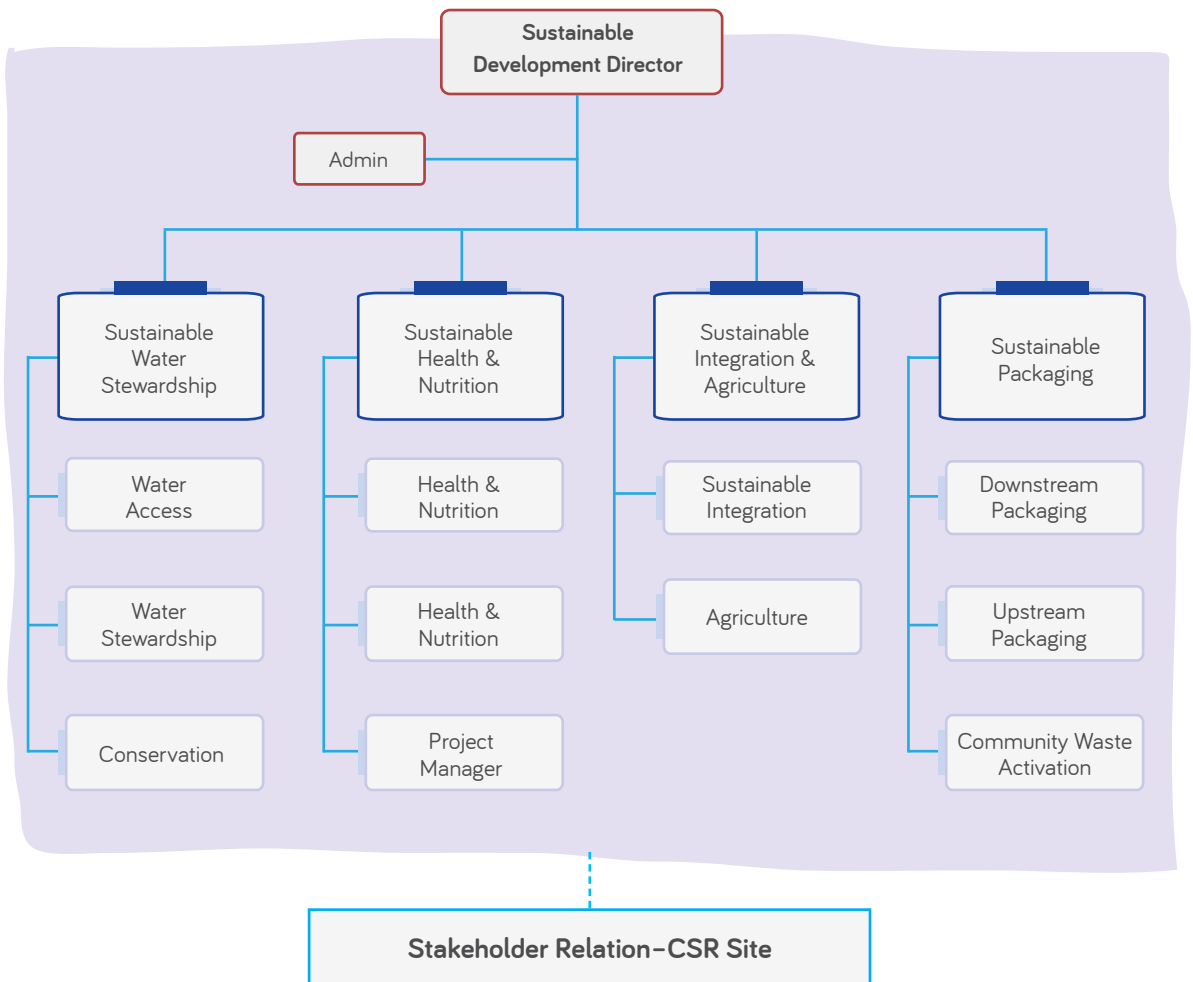
## Sustainability Structure

[GRI 102-18]

Danone Specialized Nutrition in Indonesia is committed to carrying out activities with priority to the three aspects of sustainability, namely economic, social and environmental aspects.

This commitment is realised through the existence of a cross-department sustainability committee. The Department of Sustainable Development in Danone Indonesia consists of 4 divisions, namely Sustainable Water Stewardship, Sustainable Health & Nutrition, Sustainable Integration & Agriculture, and Sustainable Packaging.

**Organisational Structure of the Sustainable Development Division at Danone Indonesia**



## Our Products

[GRI 102-2, GRI 102-6]

Our products are processed using the latest technology that is sterile following applicable regulations.

Our products are made to meet everyone's needs, from pregnant women, nursing mothers, children 1-3 years, 3-6 years, 5-12 years, up to people with special nutritional needs. We market our products throughout Indonesia and abroad.



### Pregnancy Preparations, Pregnant Mothers and Breastfeeding

Both products support balanced preparation for pregnancy, pregnant women, and breastfeeding throughout the day. This product is available in several flavours, which are chocolate, vanilla, strawberry and orange.



### 1-3 years old

Our products are formulated to help fulfil the nutritional needs of children 1-3 years. These products are available in a variety of flavours that are loved by children.



### 3-6 years old

Milk that is formulated to help fulfil the nutritional needs of an active 3-6 years old toddler.



### 5-12 years old

Milk that can support the nutritional requirements of children aged 5-12 years who are still growing.





## Ready-to-drink Products

Available in the form of ready-to-drink milk, our products are here to supplement the nutrition of children who have outdoor activities.



## Special Nutrition Needs

We have a range of products to complement the nutritional needs of children. Our products are Neocate Advance (hypoallergenic formula with 100% amino acid as a base) and Nutrinidrink (a high-energy drink to regulate diet in children with risk of malnutrition). Furthermore, we also have exclusive products for children who are not able to digest protein from dairy products by formulating milk that is rich in soy protein.



## Careline

In the Careline service, our Careliners have undertaken a training programme provided by a team of leading obstetricians and paediatricians.

Through this service, they are responsible as a reliable customer service centre and the right means to foster relationships with consumers. Careline services include complaint handling (products, promotions & services), social interactions, follow-up requests, consultations, consumer surveys (behaviour & preferences) and information dissemination on activities & promotions.

Careline provides specific service options for customers based on product types, namely: SGM Customer Services and Nutricia Customer Services.

**To optimise consumer comfort, Careline operates 24 hours a day, 7 days a week. Outside operating hours, Careline can still be contacted 24 hours via SMS Emergency.**

Careline also prepares customer services from each product with various types of communication channels such as free of charge telephone, our website, our email, and social media such as Facebook. With so many careline channels available, consumers will be able to access Careline services wherever they are.



### SGM Customer Services (Tanya SGM 360)

Phone: 0-800-1-360-360 (Toll free)  
Email: [customerservice@sarihusada.co.id](mailto:customerservice@sarihusada.co.id)  
Facebook: Aku Anak SGM

### Nutricia Customer Services

#### **Bebeclub**

Phone: 0804 111 2233 (Paid line)  
Facebook: Bebeclub Indonesia

#### **Nutriclub**

Phone: 0804 118 1818 (Paid line)  
Facebook: Nutriclub Indonesia

## Member of Association

[GRI 102-13]

In its activities, Danone SN Indonesia always actively contributes to society and developments in the industry. For this reason, Danone SN Indonesia participates in association activities and public forums.

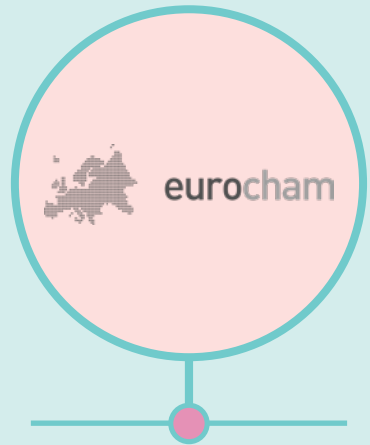


### GAPMMI

*Gabungan Pengusaha  
Makanan Minuman*

### APSAI

*Asosiasi  
Perusahaan  
Sahabat Anak  
Indonesia*



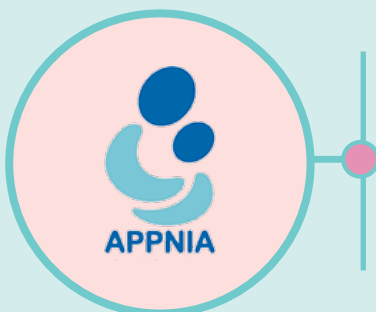
### EuroCham

*The European Business  
Chamber of Commerce  
in Indonesia*



### APPNIA

*Asosiasi Produsen  
Produk Nutrisi Ibu  
Dan Anak*



### AIPS

*Asosiasi Industri  
Pengolahan Susu*



## Awards and Certifications

[GRI 102-12]

Danone SN Indonesia's commitment to sustainable development during 2017-2018 is recognised by the public with the acquisition of various awards, both at local and national levels.

### 2017

- The Best Creative PR Programme for the National Nutrition Day Campaign in Indonesia PR of the Year 2017
- The Best Marketing PR Programme for SGM Eksplor Make the World a Best Friend in Indonesia PR of the Year 2017
- The Best Social Programme for Alerting Weight Loss in Indonesia PR of the Year 2017
- The Best Social and Public Campaign 2017 for the Let's Eat Nutrition Campaign at the 2017 PR Excellence Awards
- Achievement of the blue PROPER in 2017 the Prambanan plant
- Achievement of the blue PROPER 2017 Jogja plant
- Achievement of the blue PROPER 2017 Sentul plant
- Achievement of the blue PROPER 2017 Ciracas plant
- Sustainable Business Award 2017

### 2018

- The Best Marketing PR Programme 2018 for the PAUD Healthy Eating Habit programme - SGM Explores Fruits & Vegetables in Indonesia's PR of 2018
- Best of Best Cause Promotion / Social



Campaign for Healthy Child Stalls in Indonesia PR of The Year 2018

- The Best Creative PR 2018 Programme for Explore Nutrition 2018 in Indonesia's PR of The Year 2018
- The Best Media Relations 2018 for Journalists Goes to Campus 2018 in Indonesia's PR of the Year 2018
- PT Sarihusada Generasi Mahardhika as The Best Community Engagement for the 2018 Indonesia Community Engagement Awards
- Award Padmamitra Awards 2018 for PT

Sarihusada Generasi Mahardhika - category Poverty through the mother teaching programme

- PR Indonesia Award 2018 - CSR community-based development: Tempe Programme for the People
- CSR award in Klaten district 2018, Education category
- CSR award in Klaten district 2018, environmental category
- CSR Award in Klaten Regency 2018 in the category of Corporate social & environmental responsibility
- Blue PROPER achievement in 2018 Prambanan plant
- Achievement of the 2018 blue PROPER Jogja plant
- Blue PROPER achievement in 2018 Sentul plant
- Blue PROPER achievement in 2018 Ciracas plant
- Zero accident award - plant Yogyakarta, Ministry of Manpower of the Republic of Indonesia
- Zero accident award - Yogyakarta plant, DIY Department of Manpower and Transmigration
- 2018 Gold Achievement - Operational Excellence Conference and Award (OPEXCON 2018) by SHIFT Indonesia
- PR Indonesian Award 2018
- Indonesia Community Engagement Award 2018

## Certifications

Product quality and food safety are prioritised at Danone SN Indonesia. To ensure that this is achieved, our activities and products are certified:

- ISO 9000 (Quality Management System)
- ISO 14001 (Environment Management System)
- Sistem Manajemen Kesehatan dan Keselamatan Kerja "SMK3" (Safety)
- OHSAS 18000 (Safety)
- HACCP (Food Safety)
- ISO 22000 (Food Safety)
- FSSC 22000 (Food Safety)
- ISO 17025 (Laboratorium Management System)



## About this Report

*[GRI 102-10, GRI 102-48, GRI 102-49, GRI 102-50, GRI 102-51, GRI 102-52, GRI 102-53, GRI 102-54]*

This Sustainability Report covers the reporting period from January 1, 2017, to December 31, 2018.

Our last Sustainability Report covered 2013. It was published in September 2014. For several years we did not release any sustainability report because our company had significant transformation. The quantitative data used in this report is limited in 2018. 2017 data had not been compiled in Danone SN Indonesia. For the future, we plan to issue a sustainability report bi-annually.

This report has been prepared in accordance with the GRI Standards: Core option. The GRI (Global Reporting Initiatives) Standards are the first global standards for sustainability reporting. They feature a modular, interrelated structure and represent the global best practice for reporting on a range of economic, environmental, and social impacts.

We defined the content using a materiality assessment that covered the entire Danone SN Indonesia and the voice of external stakeholders.



We applied the ten reporting principles to develop a high-quality sustainability report. In terms of report content, four reporting principles must be met. The principles are stakeholder inclusiveness, sustainability context, materiality, and completeness. On top of that, six reporting principles govern the quality of the report. They are accuracy, balance, clarity, comparability, reliability, and timeliness.





For clarity, we provide tags of disclosure number in the relevant section and GRI Content Index that shows the list of disclosure for the report. We have not conducted external assurance this year.



Our Sustainability Report can be downloaded from [www.sarihusada.co.id](http://www.sarihusada.co.id) and [www.nutricia.co.id](http://www.nutricia.co.id). We receive feedback from our stakeholders at the following address that can be contacted.

Corporate Communication Department  
Danone Specialized Nutrition Indonesia  
Cyber 2 Tower 12<sup>th</sup> floor  
Jl. HR. Rasuna Said No.13, Kuningan Timur,  
RT.7/RW.2, South Jakarta, 12950  
Phone: (021) 2996 1234  
Email: [corporate.communicationID@danone.com](mailto:corporate.communicationID@danone.com)

## Stakeholders Engagement

[GRI 102-42, GRI 102-46]

All our activities are inseparable from the cooperation of various parties, both internal and external. These parties are Danone SN Indonesia's stakeholders, whose involvement directly or indirectly influences the various decisions we make. We always establish ongoing communication with stakeholders to ensure smooth collaboration with employees, consumers, partners, retailers, the community and the government.

### Stakeholders Engagement

Stakeholders (102-40)	Frequency of Stakeholder Engagement (102-43)	Methods (102-43)	Topics of Discussion (102-44)
1. Employees/Trade Unions	Every day, monthly, and yearly	Email, Digital platform, Townhall meeting, Gathering.	Business Update, Organization, Working conditions and safety, Improvement of employee capability, Employee rapport programme, Religious programme
2. Supplier/Vendor	Ad hoc	Meeting	Company policy regarding supplier, Supplier evaluation, Supplier quality development, Material/service specifications, Price negotiations
3. Customer	Ad hoc	Meeting, Email, Telephone	Product quality, Product specifications, Price, Complaints, Promotion
4. Drug and Food Control Agency (BPOM)	Ad hoc	Meeting, Socialisation	Business registration and licensing, Socialisation of new regulations from the POM, Registration of products and trademarks
5. Department of Health	Ad hoc	Meeting	CSR Programmes, Coordination and cooperation programme
6. Provincial Government	Monthly	Forum, Meeting	Stunting Prevention Action Programme, Other CSR Programmes, Coordination programmes
7. Ministry of Agriculture of the Republic of Indonesia	Ad hoc	Meeting	Development of fresh milk supply, MERAPI Project, Coordination and cooperation programme
8. Industry Associations and Organisations	Monthly	Meeting, Forum	Policy formulation, A partnership programme for sustainability, Discussion on national issues, Programme planning and evaluation, Regulatory socialisation
9. Distributor, Retailer	Monthly or every fortnight	Telephone, Meeting	Sales, Annual Plan
10. NGO	Every six months or annually	Meeting	CSR Programme
11. Local Communities	Monthly	Approach, Involvement in activities	Compilation of CSR programmes, Involvement in programme implementation, Training and development
12. Media, Press and communities	Monthly	Telephone, Meeting, and Gathering	Education related to health and nutrition, Activities and brand campaign



## Material Aspect

[GRI 102-40, GRI 102-45,  
GRI 102-46]

We work with various stakeholders to develop solutions and find ways to overcome challenges. Through this method, we define the material aspects and scope of our report.

In defining the material aspects and scope of this report, we conducted a meeting with the management and carried out focus group discussions. The discussion was attended by representatives from each division of Danone SN Indonesia's operational management and various departments such as Legal, Sustainability Development, Health and Nutrition, Human Resources, Research and Innovation, Sales and Marketing, and Supply Chain. Their feedback represents the voices of internal stakeholders. We also conduct surveys with external stakeholders such as customers, suppliers, breeders, local communities, governments and NGOs to get their feedback.

In this report, the word "we" refers to Danone SN Indonesia.

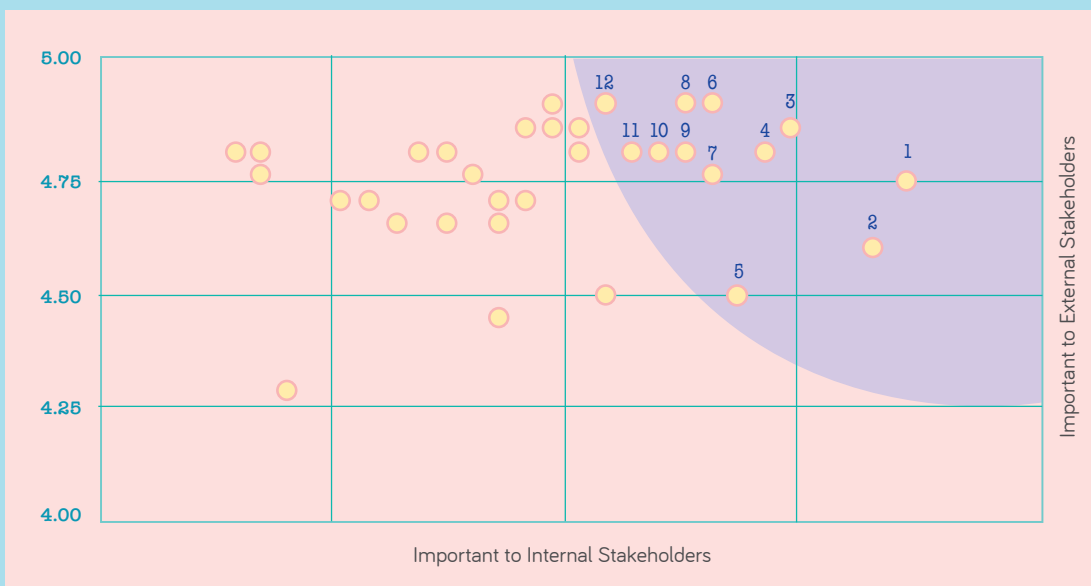


**For this 2017-2018 Sustainability Report, we focus on reporting Danone SN Indonesia operations covering the Prambanan, Yogyakarta, Ciracas, Sentul areas, including the head office located in Jakarta.**

## Key Topics for Our 2018 Sustainability Report

[GRI 102-46, GRI 102-47]

By conducting a materiality survey, we identified nine aspects that are most important to the business and have been carried out by 55 internal and external stakeholders. Based on our quantitative analysis, we constructed our materiality matrix and defined our topics for this year's report by talking to many stakeholders.



Next, we linked each topic on materiality with the GRI Standards. Every topic has its boundaries within our supply chain. The topics boundary describes where the impacts occur for a material topic and Danone SN Indonesia's involvement. Danone SN Indonesia might be involved either through their activities or as a result of its business relationships with other entities.

- 1. The nutritional quality of our products
- 2. Identification and evaluation of potential hazards and injury
- 3. Comprehensive product information for marketing and labelling
- 4. Good remuneration and benefit
- 5. Company financial performances
- 6. Stunting and malnutrition prevention programme
- 7. Training and development for employee
- 8. Transparency and traceability of the material source
- 9. Product is processed in a certificated facility such as HACCP
- 10. Fair business competition
- 11. Implementation of an appropriate marketing strategy which is based on standards/voluntary codes for expectant mother, breastfeeding mothers, and children.
- 12. Providing transparent and clear nutrition information through media other than package labelling

The impacts that we reported can be caused by, contributed by, or linked to our activities through a business relationship. The effects will affect not only Danone SN Indonesia itself, but also the supply chain, either upstream or downstream. This topic boundary can provide insights on the risk assessment and precautionary approach for the whole business.

**The Linkage of Material Topics to GRI Standards**

Materiality Topic	GRI Topic	Supplier	Danone Group	Danone SN Indonesia	Customer
The nutritional quality of our products	Consumer Health and Safety				
Identification and evaluation of potential hazards and injury	Occupational Health and Safety				
Comprehensive product information for marketing and labelling	Marketing, Labelling, and Communications				
Providing transparent and clear nutrition information through media other than package labelling					
Implementation of an appropriate marketing strategy which is based on standards/voluntary codes for expectant mother, breastfeeding mothers, and children					
Good remuneration and benefit	Employment				
Training and development for employee					
Company financial performances	Economic Performance				
Stunting and malnutrition prevention programme	Local Communities, Customer Health Safety				
Product is processed in a certificated facility such as HACCP					
Transparency and traceability of the material source	Sourcing Practice				
Fair business competition	Anti-competitive Behavior, Anti-corruption				

Cause    Linked    Contributor

# Danone Specialized Nutrition's 10 Commitment to Indonesia

Being healthy through  
nutritious food is both a need  
and a responsibility.

---

**At Danone SN Indonesia, we believe that  
providing health through food is not only a  
necessity but also our responsibility.**

---

In today's modern world, due to more sedentary lifestyles and unhealthy eating habits, society face quite serious health problems. In this context, we aim to help people adopt healthy eating and drinking habits that are appropriate for them, regardless of

their age, culture or personal preferences. For us, nutrition is not only in the form of food or drinks. Nutrition must be interpreted broadly, including taste, social and cultural dimensions. It is what we call 'Alimentation'. Through food, we can play an

important role. We focus not only on selling food but also encourage the adoption of healthy dietary habits. Last year, 88% of Danone Group sales came from the category of healthy products, based on official public health recommendations (bottled water, early life nutrition, medical nutrition, and fresh milk products). Danone SN aims to promote a healthy diet and lifestyle. It allows us to have a

positive impact that encourages healthy lifestyles and good nutrition for all ages. As such, Danone SN has a significant global footprint. We also invest in research to understand local community health challenges and local eating and drinking practices. This research programme allows us to promote healthier choices that are relevant to people's habits.

### Our Commitment:

- #1 We are committed to provide healthy life through nutrition as the foundation of long term health.
- #2 We are committed to deliver the Quality of products and services in full compliance with Danone and applicable government and industry standards; from the conception of an idea and continuing throughout the whole product lifecycle up to the moment of consumption by our consumers.
- #3 We are committed to implement the Food Safety System built on HACCP principles in order to have robust food safety defense line and be proactive. We commit that our employees have adopted and apply our quality and food safety system based on our Pre-requisite Programme (PRP), Good Manufacturing Practices (GMP), Hazard Analysis & Critical Control Points (HACCP).
- #4 Ensuring consumer, customer, and stakeholder satisfaction through providing products that are safe, halal, and comply with Local & Danone SN quality & Food Safety standards.
- #5 We are committed to the principle of Zero Accident are achievable, the Occupational Diseases and environmental pollution are preventable through behavior changes and active involvement of all level and the responsibility of everyone in the company including contractors.
- #6 We are committed to continuously improving the safety, health and well-being of our employees and preventing environmental pollutions and protect natural resources from our operations.
- #7 We are committed to conduct business practices in a responsible manner based on applicable laws and regulations, including but not limited to Government Regulations on Exclusive Breastfeeding and relevant regulations and Danone Policy on Marketing of Breastmilk Substitutes.
- #8 We are committed to support the World Health Organization (WHO) recommendation calling for exclusive breastfeeding for the first six months of age and continued breastfeeding up to two years and beyond, combined with the safe introduction of appropriate complimentary foods.
- #9 We are committed to work with business partners, trade associations, industry groups to establish awareness and promote responsible marketing practices.
- #10 We are committed to drive an organisational culture that puts these commitment and compliance to applicable regulations as the highest priority and ensure our key business partners have the same accountability as we do.

# 02.



Why It Matters  
Our Approach  
Food Nutrition  
Product Innovation 2017  
and 2018  
ELN UDRIVE Project

## Research and Innovation

### Why It Matters

[FP6]

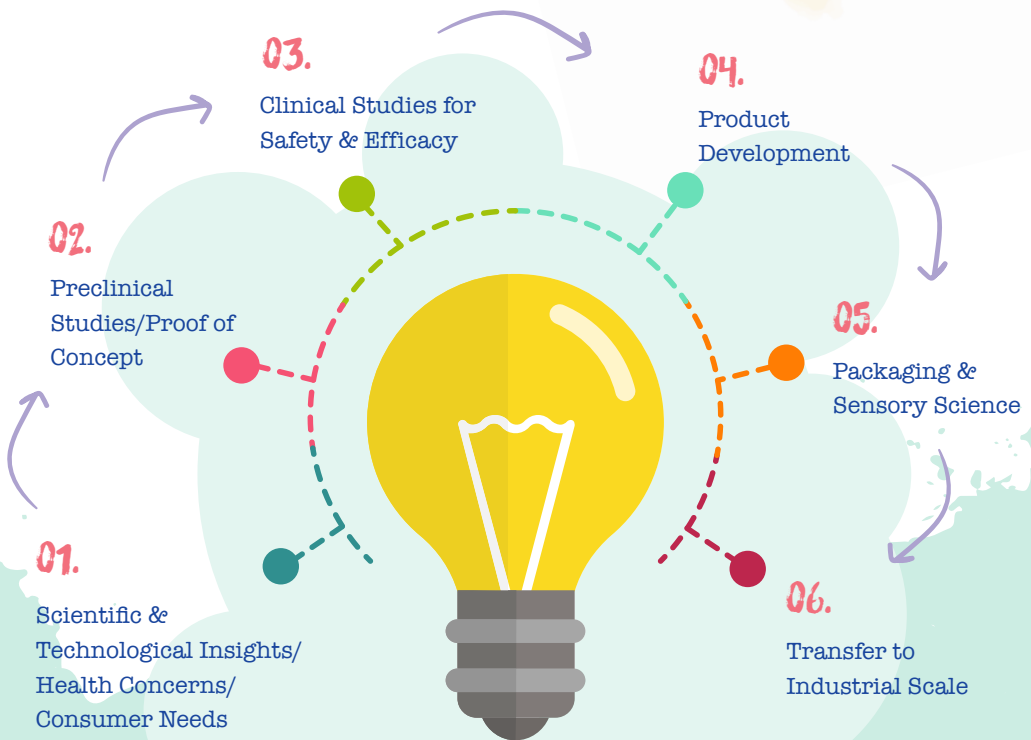
We aim to have a positive impact on the health and well-being of humanity, which is in line with Danone’s mission: to provide health to as many people as possible.

In Danone SN Indonesia, our products cover the whole life span from newborn to elderly population; Our mission is to positively impact health and well-being through nutritional innovations rooted in science. We focus on nutritional solutions that are beneficial to health during key stages of life.

### Research and Innovation Framework

We implement continuous improvement in all our research and innovation activities based on local science, technology & expertise for a healthier Indonesia. We are committed to continuously improve our research and innovation capabilities, supported by the resources and networks from our Research and Innovation Center around the world.

Our research and innovation aim to increase localised product development. The research facilitates product trial process to glass production while ensuring the quality produced is in line with international standards, as well as, providing direct access to consumers. Our innovation process is as follows:



Responsibilities of R&I covered areas such as:

- Initiate and manage product development stage
- Initiate and manage packaging development programme
- Manage requirement related to raw materials & supply
- Development of science and nutrition
- Manage operation technology and sensory

### Our Approach





## Food Nutrition

According to UNICEF (2018) almost 3 from 10 children under 5 years old in Indonesia were stunted. If left untreated, this condition will hinder optimum growth potential of children in Indonesia which will eventually impact the development of the nation.



In line with our mission “As customer’s first choice to impact health and well-being at critical times of life through nutritional solutions, health, and nutrition education”, we realise that everyone has different needs for nutrition. Hence, we provide nutritious products for all types of people at different life stages, from the first 3,000 days of life to people with special nutritional needs.

The first 3,000 days of life are important for children’s growth, health, and nutrition. Therefore, our products are made with the intention to be used as good nutrients’ sources to support fulfilling the total daily nutritional requirements of the child.

We have strengthened our nutrition commitment by having Nutritional Target 2020. It has been prepared following official nutrient intake recommendations (WHO, EFSA, US, IOM, etc.) and the latest scientific references on dietary practices. In addition to that, we have an annual evaluation, called Nutrition Scorecard.

**We uphold the Nutritional Charter and implement Nutrition Commitment. Our R&I team is responsible for the Nutrition Commitment #1, #2, and #3**



### COMMITMENT #1

Continuously improve the nutritional quality of our products



### COMMITMENT #2

Design healthier alternatives relevant for consumers



### COMMITMENT #3

Further reinforce our expertise on the understanding of local nutrition practices and public health contexts

# PRODUCT DEVELOPMENT STAGES

1

New innovation guide from Danone Specialized Nutrition Global



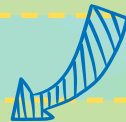
2

Innovation evaluation based on:  
- Local availability  
- Local needs  
- Local standards or regulations (CODEX, BPOM, ELN STANDARD)



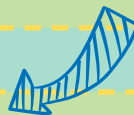
3

Modification align with availability, needs, regulations and local standards



4

Product approval by Danone Specialized Nutrition Global



5

Product launch



## Product Innovation 2017 & 2018

*[G4 DMA Former FP4]*

Customer has always been the key to our amazing achievement, thus we continue to pursue product innovation and enhancement, by adding value through sustainable packaging and improve quality.

Our product innovations during 2017 and 2018 including packaging and product features, research on the best protein types, innovations on Bebelac Gold, Nutrilon Royal ActiDuoBio+, and Ready to Drink Products.



### Product Packaging and Feature

The transition to a circular economy starts with us and the way we choose and design our packaging. We want to ensure that our packaging is recyclable. Our goal is to implement 100% recyclable packaging by 2025.





Our ongoing progress:

- The outer box is 100% recyclable for all products
- Folding box is 100% recyclable for Bebelac while 70% for Nutrilon
- Can is 100% recyclable
- Aluminum foil still being used, still in progress finding the substitute
- The recycle logo appears in each package
- The reuse logo appears in each package, except in aluminum foil

In 2020, we have a plan to make Bebelac become 100% recyclable.

In addition, there is an issue about the spoon that we used to attach inside our product. Our customer needs precise measurement but on the other side, the spoon is not environmentally friendly. Therefore, we decided to take it out from Bebelac. To resolve this, we conduct socialisation to the community about how to measure accurately and environmental impacts that can be minimised through information on the packaging. For the next year, we will equip our Bebelac product with a rubber spoon. We believe that this is going to be a win-win solution both for customer, environmental concern, and Danone SN Indonesia.

Creating sustainability and circular economic road map is important for us to ensure our packaging 100% recyclable in our environment and save our future.

### Research on the More Sustainable Type of Protein

Dairy products often related to cow's milk which are generally from animal proteins. Many assumptions have arisen whether cow milk has some impacts on animal shortage. Based on that concern, we decided to explore having a more sustainable alternative type of protein.

### Ready to Drink Product



As children grow, they need some nutrients from milk to complete their daily nutrition needs. We research to overcome that issue, then it turned out that one of the consumer insight trends is that children are interested in "ready to drink" products began to rise. Therefore, we started the initiative to make a "ready to drink" product. We aim to help children above 3-years-old fulfill their daily nutritional needs through our product in more convenient and interesting.

### Nutrilon Royal ActiDuoBio +



Nutrilon Royal 3 now comes with the latest innovations, with the combination of ActiDuoBio + gold, various flavors such as vanilla and honey. Support the growth of your children to make it a step further.

### Innovation on Bebelac Gold



Bebelac Gold is a high-fiber milk that can fulfill the daily fiber and nutritional needs of your child so that the Little One becomes a great kid.



## ELN UDRIVE Project

To support our innovation and development, we have an IT infrastructure called UDRIVE (New Project and Portfolio Management Solution). UDRIVE is a new product development programme and as a tool to integrate the whole system. UDRIVE has included risk assessment, determining whether the last proposed product is feasible or not.

To assure that this programme runs smoothly, we have dedicated resources that focus on how to enhance and develop further our early life nutrition commitment. They are divided into some roles with particular responsibilities.

### UDRIVE Values:

- Capture topline project management information to be able to build and analyze project portfolios
- Transform the OpenWay methodology into a process
- Not introduce another level of complexity (eg. Minimize double work)

### ROLES AND RESPONSIBILITIES

01.



#### PORTFOLIO MANAGER

As an Air-Traffic Controller

Supporting Project Leaders and monitoring portfolios

02.

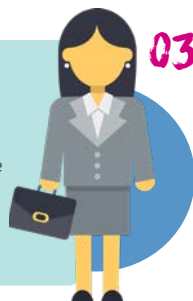


#### PROJECT LEADER

As a Rocket Pilot

Ordering and prioritizing project tasks

03.



#### CO-PROJECT LEADER

As a Co-Pilot

Taking over or support in the UDRIVE tasks of the Project Leader

04.

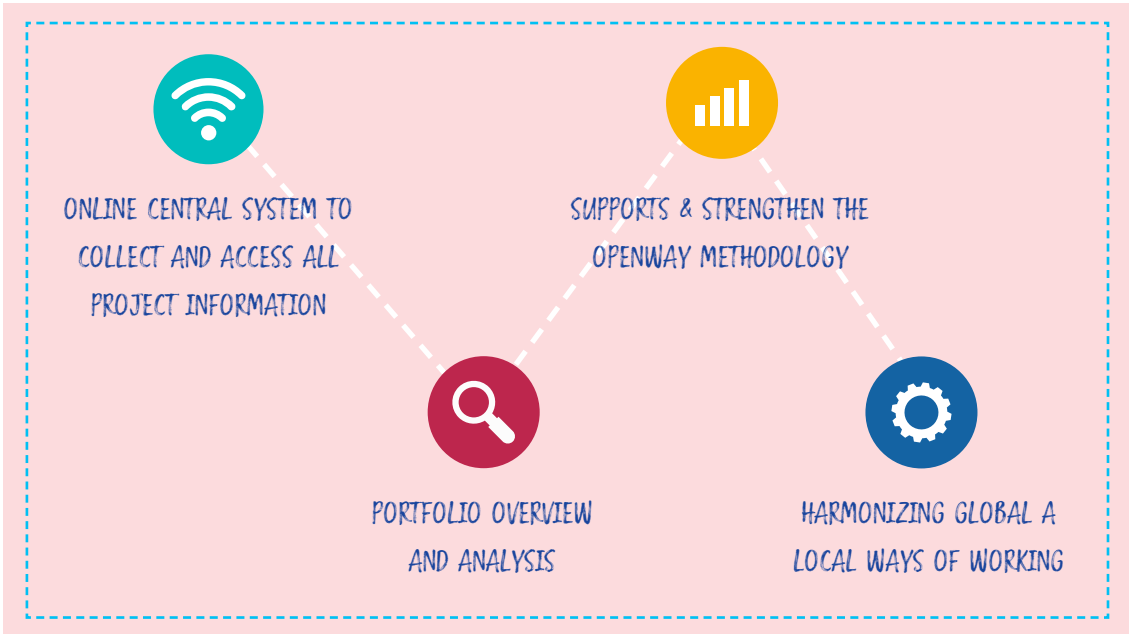


#### TEAM MEMBER

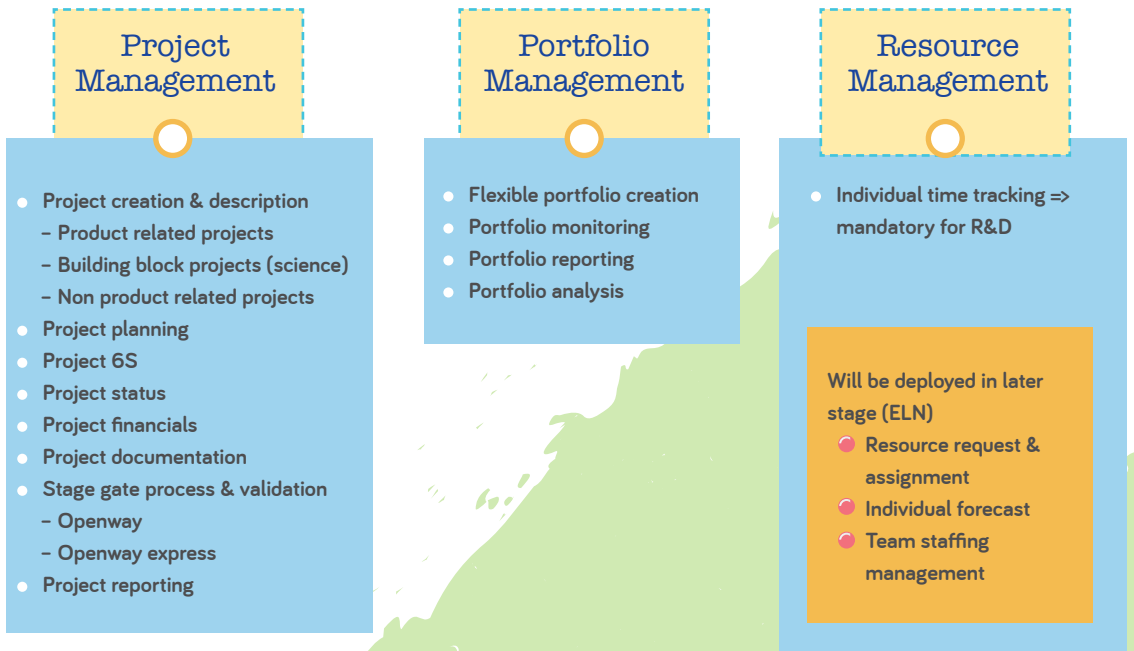
As a Head Mechanic

Enriching project with key documents

### UDRIVE Benefits



### Functionalities of the tools



# 03.



- Why It Matters
- Our Approach
- One Person One Voice
- Inclusive Diversity
- Employee Benefit
- Training & Development
- Safety and Health Environment (SHE)
- OHS Training

## Our People



## Why It Matters

The most important global challenges faced by corporate leaders, human resource managers, and management consultants are how they manage today's increasingly diverse workforce. Workforce diversity is not a transient phenomenon; it is today's reality, and it is here to stay.



According to data accumulated by The International Labour Organization (ILO), it was found that in the last 27 years almost no change in diversity occurred in the workplace. Women are still 26% less likely to be in employment than men. This data also showed that overall, only a quarter of leadership positions are filled by female employees. However, women who successfully achieve this position tend to be younger and smarter than male employees.

At Danone SN Indonesia, we realise that every mom has an important role in a child's growth and development. Through this women empowerment, we wish to bring up the importance of the role of a mother in a family and community. This desire is implemented in both our internal activities corporate social responsibility activities.

We uphold diversity that is in line with Goal 5 on Sustainable Development, which is achieving gender equality and empowering all women who are reflected in Danone employee diversity and the HeForShe program. This achievement is evidenced by the filling of directors and executive

positions by our female employees by as much as 40%. Danone SN Indonesia is also led by a woman.

Our people have always been at the centre of our corporate strategy. Our conviction is that developing people, leveraging their talents and respecting their differences make Danone SN Indonesia a sustainably high performing company. Danone SN Indonesia is a company where diverse people grow. As of the end of 2018, our employee had joined the union.

Diversity is not so much about tangible differences; it is more about recognising the uniqueness of each employee and valorising the added value that these differences all together bring to Danone SN Indonesia. We believe that the more diverse we are and the more unique voices we have, the more we will drive innovations. We are focusing on ideas, not people. We work with leaders to create cultures of inclusion where diversity is intrinsically valued; where every individual is able to contribute fully; and where talented people can advance through the organization regardless of their gender or background.

**Our Approach**



**One Person One Voice**

In April 2018, we launched our employee engagement programme named “One Person One Voice” with the aim of strengthening their sense of belonging in the company.

This people survey programme encompasses all employees of Danone Group, including Danone Specialized Nutrition in Indonesia. Through this programme, our employees are able to voice their opinions, both on the priorities of the company and on the elaboration of local and global roadmaps for 2030. We recognise and respect the freedom of employees to have opinions, which is covered by collective bargaining agreements. Until 2018, all employees are covered by the Collective Bargaining Agreement.



## Inclusive Diversity

We celebrate the uniqueness of each individual regardless of visible or invisible differences. We believe that being our true selves will unleash our utmost potential. We highly respect local context and specificities in the way we live these values.



Women certainly bring substantial impacts across divisions in Danone SN Indonesia. Accounting for roughly 40% of management roles, female talents have for years demonstrated their unique contribution in driving business growth.

Unfortunately, various challenges have many times hindered them to achieve their full potential. HeForShe is a platform for action we brought to Danone SN Indonesia in partnership with UN Women to power our community – male and female – to create broader opportunities for our female talents to advance, with mentoring as a first step.



In March 2017, UN Women announced Emmanuel Faber, the Global CEO of Danone as one of the HeForShe Thematic Champions.

Emmanuel Faber was chosen because of the commitment applied to policies towards gender parity in these critical key areas: senior leadership, paid parental leave, and tackling domestic violence.

“As a global company involving so many diverse communities across the planet, we commit to provide equal opportunities to every woman and man, wherever they live and work in the world. This is a matter of social justice, which is a condition for sustained market economy development.”

- Emmanuel Faber, Global CEO, Danone

## Diversity of Governance Bodies and Employees Year 2018\*

[GRI 405-1]

Head Office- Jakarta	< 30 years old			30-50 years old			> 50 years old		
	P	T	%	P	T	%	P	T	%
Male	37	6	34	97	4	43	9	2	47
Female	73	11	66	131	3	57	12	0	53
<b>Total</b>	<b>110</b>	<b>17</b>	<b>100</b>	<b>228</b>	<b>7</b>	<b>100</b>	<b>21</b>	<b>2</b>	<b>100</b>

Yogyakarta	< 30 years old			30-50 years old			> 50 years old		
	P	T	%	P	T	%	P	T	%
Male	22	9	66	189	1	87	15	4	100
Female	11	5	34	27	0	13	0	0	0
<b>Total</b>	<b>33</b>	<b>14</b>	<b>100</b>	<b>216</b>	<b>1</b>	<b>100</b>	<b>15</b>	<b>4</b>	<b>100</b>

Prambanan	< 30 years old			30-50 years old			> 50 years old		
	P	T	%	P	T	%	P	T	%
Male	73	4	76	542	1	95	40	0	97
Female	18	6	24	23	0	5	1	0	3
<b>Total</b>	<b>91</b>	<b>10</b>	<b>100</b>	<b>565</b>	<b>1</b>	<b>100</b>	<b>41</b>	<b>0</b>	<b>100</b>

Sentul	< 30 years old			30-50 years old			> 50 years old		
	P	T	%	P	T	%	P	T	%
Male	8	15	90	52	0	94	15	0	100
Female	7	1	10	3	0	6	0	0	0
<b>Total</b>	<b>15</b>	<b>16</b>	<b>100</b>	<b>55</b>	<b>0</b>	<b>100</b>	<b>15</b>	<b>0</b>	<b>100</b>

Ciracas	< 30 years old			30-50 years old			> 50 years old		
	P	T	%	P	T	%	P	T	%
Male	44	6	67	192	11	87	30	0	78
Female	20	4	33	26	2	13	8	0	22
<b>Total</b>	<b>64</b>	<b>10</b>	<b>100</b>	<b>218</b>	<b>13</b>	<b>100</b>	<b>38</b>	<b>0</b>	<b>100</b>

	Permanent	Temporary	Total
Head Office	359	26	385
Yogyakarta	264	19	283
Prambanan	697	11	708
Sentul	85	16	101
Ciracas	320	23	343
<b>Total</b>	<b>1,725</b>	<b>95</b>	<b>1,820</b>

	Permanent	Temporary	Total
Male	1,365	63	1,428
Female	360	32	392
<b>Total</b>	<b>1,725</b>	<b>95</b>	<b>1,820</b>

**P** Permanent  
**T** Temporary  
**%** Percentage

\*) All our employees are full time employees. Data is based on Danone SN Human Resources Information System database

Our goals are:

01. To create a broader range of opportunities for women in Danone SN Indonesia to pursue personal growth and career advancement
02. To engage wide scale of men from across functions & seniority levels to support the advancement of women
03. To leverage the energy to achieve gender diversity by 2020



In October 2017, we held a talk show which discussed “Performing in a Male-dominated Field”. The event was attended by some of our female employees. In November 2017, HeForShe continued its journey by providing training & creating a Women Leadership programme. In addition, there was a mentoring session where our female employees had the opportunity to grow professionally to reach directors and executives level. In 2018, we held another talk show programme namely “Women on Top - What Men Say”.

## Employee Benefit

[GRI 401-2]

At Danone SN Indonesia, the development of Human Resources is carried out on an ongoing basis and balanced with employee welfare to make them feel proud and comfortable.

We provide remuneration as a reward to employees for maintaining and improving performance based on achieving targets. In this case, Danone SN Indonesia also complies with the wage provisions that apply throughout Indonesia. We also support the health and well being of our employees by providing sports facilities that prove beneficial to their health.

Besides salary and benefits, Danone SN Indonesia believes in supporting new parents and their upcoming babies by giving them the best start during the first 1,000 days. Danone SN Indonesia provides its employees with a 6 months maternity leave. Previous Parental Policy offered 4 months of maternity leave, which was already beyond what the government has stipulated.

Lactation rooms are available for our breastfeeding mothers & health clinics are provided to ensure the wellbeing of our employees. Danone



SN Indonesia also offers a consistent standard of support to all parents-to-be employed across the world. This policy will support Danone SN Indonesia's upcoming and new parents, both fathers and mothers, and their babies by offering a common level of support from the start of pregnancy to the baby's second year of life.

Danone SN Indonesia consistently contributes not only to our employees but also to the community. We are aware of the importance of education in strengthening the welfare of the community and nation. Therefore, we created a scholarship programme aimed at the talented children of our employees. Throughout 2017-2018, more than 400 children of our employees have become recipients of scholarship programmes ranging from elementary and tertiary level to children with special needs.



We have a pension programme including training that develops the pensioner with skills to equip them during their retirement. We also provide pension assurance in the form of funds.

**Employee Benefit in 2017 and 2018**

Benefit	Permanent	Contract
Life insurance (BPJS and private insurance)	✓	✓
Medical benefit	✓	✓
Disability insurance	✓	
Maternity leave (parental policy)	✓	
Retirement & pension programme	✓	

**Training & Development**

[GRI 404-2]

Danone SN Indonesia is committed to improve employee performance with developing training programmes good for employees inside develop abilities and their careers.

We have a special programme in sharpening soft skills of our employees. Danone Academy Indonesia is a means for employees to grow and improve their potential soft skills through Danone Learning Framework in the form of On-the-Job training, Networking, In-Class Training and E-learning. Apart from that, we also have other training programmes in 2018:

TYPE OF PROGRAMMES	SCOPE ASSISTANCE
Training Programme for Operations	Business Acumen
Training Programme for Support Function	Finance week
Danone Campus for Topline	Leadership - Managerial up
Training Programme for Preretired Employee	MPP - Preretired Employees
Training Programme for Leadership	Endevour, Challenger, NewGen, 7 <sup>th</sup> Habits
Danone Campus Ops	Leadership - Managerial up



## Career Opportunity

[GRI 202-2]

To recruit the best employees, Danone SN Indonesia has a very tight recruitment process, managing existing employees on a regular basis appropriate, and provide normative rights which are they have transparently. Danone SN Indonesia provides job opportunities for applicants who want to develop and treat all employees equally without discrimination. Every year, our company recruits

potential employees from almost all regions in Indonesia. At Danone SN, our employees' are divided into several levels. Senior management at Danone SN is defined as a manager-level employee. 95% of our senior management are filled by Indonesian citizen. We have several programmes for interns and fresh graduates, including:

### 01 MT STAR

Management Trainee (MT) is one of the career path acceleration programmes aimed at the best fresh graduates from various universities in Indonesia. The programme aims to ensure that the best graduates will be able to become leaders of the company, where they will receive training, self-development support and be involved in various projects.

### 02 ASIA JAGUAR

This programme aims to give employees the opportunity to learn and develop by facing new challenges and new projects that contributes to Danone's business. This programme enables our employees to gain global insights and perspectives while developing networks through international assignments across WWBU for a short duration (for 6 months). This programme is completed with workshops for 2-3 days wherein each programme participant from various participating countries was asked to work on cross-functional projects in groups while the programme was running.

### 03 TALENT SWAP/ SHORT TERM /MID TERM INTERNATIONAL ASSIGNMENT

Danone SN Indonesia opens opportunities for employees to learn and develop their potential through the talent swap programme or international assignments across WWBU, where they will be placed in CBU hosts for a certain period (6 months - 1 year) to work on certain projects. Through this programme, employees are expected to be able to gain international and cross-cultural experience and develop networks.

### 04 INTERNSHIP

We open vacancies for students who want to be involved in projects specifically done by experts so they can learn and practice their skills in the real world. Applicants must at least be studying in semester 4, be fluent in both oral and written English, be available for a 2-6 month full-time internship, and be passionate in the industry.

## Safety and Health Environment (SHE)

[GRI 403-1, GRI 403-2]

Danone SN Indonesia realises that health and safety are the basic rights of every employee. Occupational health and safety is our commitment to provide comfort for our employees.

Therefore, as a company that prioritises the health and safety aspects of its employees, we set up 5 pillars, namely:



As a manifestation of the company's commitment to OHS management, Danone SN Indonesia has established a Safety Committee (Central Safety Committee) in every factory unit that aims to create a workplace that is safe, healthy, free from environmental pollution, so as to reduce or be free

from work accidents and occupational diseases. The percentage of workers represented by the Safety Committee varied in each factory (range from 5% to 13.7%). The committee chaired by the factory manager who performs monthly evaluation on the indicators.

One indicator of employee/operator safety performance is the number of accidents. As a guide, we define 5 (five) typee of injury, namely:

- Unsafe Action / Unsafe Condition**  
Incidents that occur due to unsafe behaviour or conditions. **1**
- Near Missed**  
Events that almost cause accidents / near misses. **2**
- First Aid**  
Injuries that do not require special treatment and can still be handled by doctors at the Company. **3**
- Lost Time Injuries**  
An injury that requires medical treatment/referral to a hospital. **4**
- Fatal**  
Incidents that cause employees/contractors to die / disabled. **5**







During 2018, we noted a number of minor accidents affecting both our male and female employees and workers in our four factories. To prevent this, we have increased training because we are aware that workers are more at risk of accidents at work compared to employees who work in the office. Meanwhile, at the head office, we report that our employees did not experience any accidents or incidents.





We also report that during 2018, employees in all our factories did not have any work accidents, occupational diseases, lost workdays or fatal incidents.

Data on the types and levels of incidents that occurred during 2018 can be seen in the following table:





**HO-Jakarta**

Type of Injury	Total Amount of Injury					
	Employee (2018)			Worker (2018)		
			Total			Total
F	0	0	0	0	0	0
L	0	0	0	0	0	0
FA	0	0	0	0	0	0
N	0	0	0	0	0	0
U	0	0	0	0	0	0
<b>Total</b>	0	0	0	0	0	0





**Sentul**

Type of Injury	Total Amount of Injury					
	Employee (2018)			Worker (2018)		
			Total			Total
F	0	0	0	0	0	0
L	0	0	0	0	0	0
FA	4	0	4	0	0	0
N	6	1	7	0	0	0
U	23	0	23	0	0	0
<b>Total</b>	33	1	34	0	0	0





**Yogyakarta**






Type of Injury	Total Amount of Injury					
	Employee (2018)			Worker (2018)		
			Total			Total
F	0	0	0	0	0	0
L	0	0	0	0	0	0
FA	2	0	2	6	0	6
N	0	0	0	16	0	16
U	25	0	25	53	0	53
<b>Total</b>	27	0	27	75	0	75

**Ciracas**

Type of Injury	Total Amount of Injury					
	Employee (2018)			Worker (2018)		
			Total			Total
F	0	0	0	0	0	0
L	0	0	0	0	0	0
FA	1	0	1	0	0	0
N	14	0	14	0	0	0
U	39	0	39	0	0	0
<b>Total</b>	54	0	54	0	0	0

**Prambanan**

Type of Injury	Total Amount of Injury					
	Employee (2018)			Worker (2018)		
			Total			Total
F	0	0	0	0	0	0
L	0	0	0	1	0	1
FA	7	3	10	0	0	0
N	21	1	22	5	1	6
U	1010	374	1384	604	244	848
<b>Total</b>	1038	378	1416	610	245	855

-  **Fatal**
-  **Lost Time Injuries**
-  **First Aid**
-  **Near missed**
-  **Unsafe Action/Unsafe Condition**

We have improved policies and requirements that refer to the health and safety programme for workers, employees and factory visitors. The policies are:

**01.**

Every employee/worker/ new visitor who wants to enter the factory area is given an instruction in advance by the security forces and is obliged to watch videos about the rules that must be obeyed when entering the area. The parties concerned must use Personal Protective Equipment (PPE) such as helmets, uniforms, and shoes.

Specifically for visitors, required to wear uniforms and fill out forms in advance.

**02.**

Each area of our factory is equipped with first aid kits to provide first aid to victims. We also have a polyclinic that is attended by doctors and nurses on duty 24 hours a day. We also provide ambulances to anticipate fatal accidents.

## OHS Training

In 2018, we gave priority training to our employees and workers to minimize workplace accidents. The types of training are:



### WISE Academy

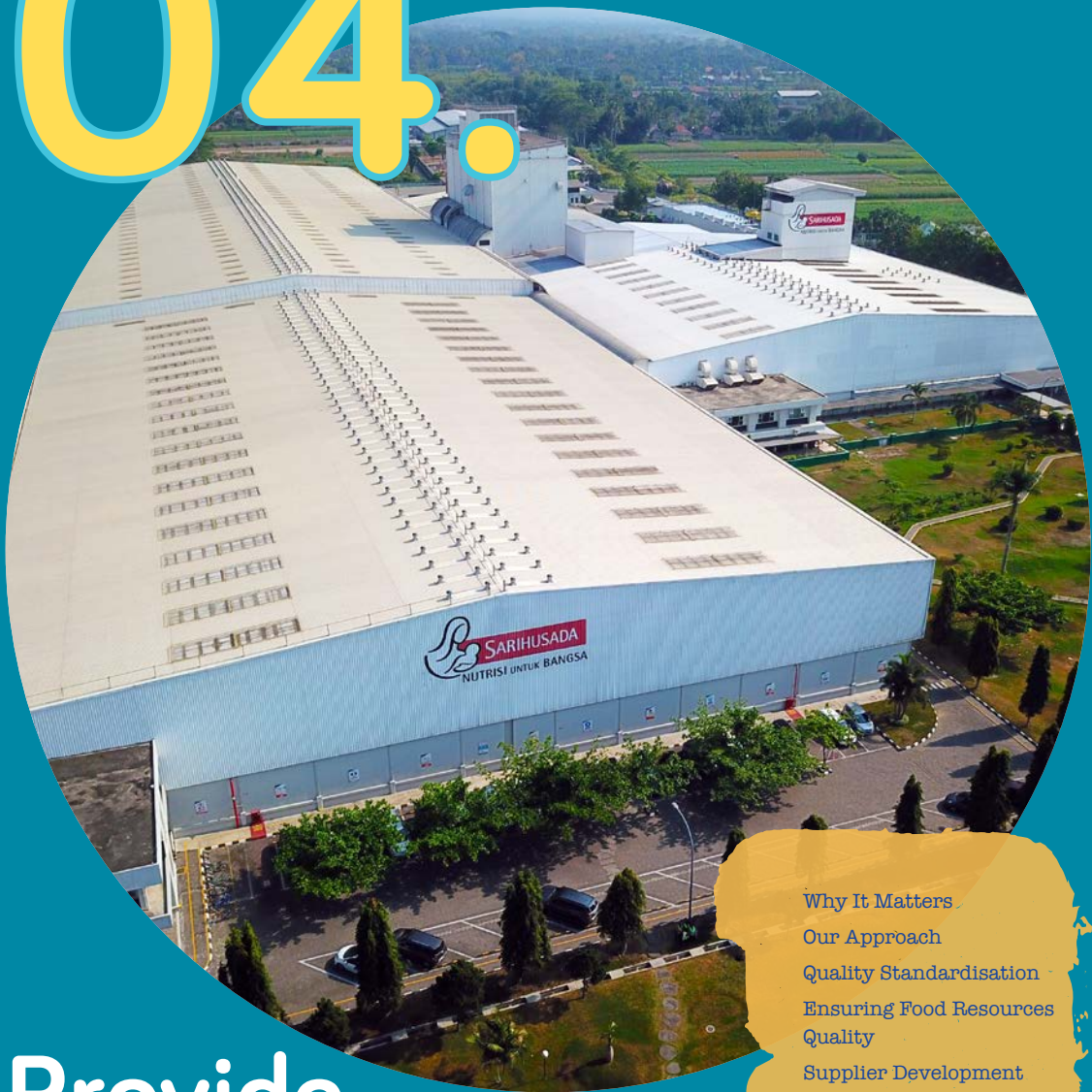
This type of training is attended by all security, employees and workers starting from the lower level to the management level.



### WISE Leadership Academy,

Specific types of training are followed by supervisors. This training aims not only to improve health and safety but also to all aspects.

# 04.



- Why It Matters
- Our Approach
- Quality Standardisation
- Ensuring Food Resources Quality
- Supplier Development
- Farmer Partnership

## Provide Sustainable Nutrition through Value Chain

### Why It Matters

[GRI 102-9]

At Danone SN Indonesia, we are committed to practices that not only benefits the company, but also giving additional values throughout the value chain and society.



Indonesia is one of the countries experiencing “triple burden of malnutrition” problems. Where in addition to malnutrition and obesity, Indonesian children and adolescents are also experiencing micronutrient deficiency problems. This problem exists mainly due to the lack of public knowledge about nutritious food and limited availability of nutritious food, especially in remote areas.

In our activities, Danone SN Indonesia continuously encourages public awareness on the importance of consuming nutritious and balanced food and tries to open access to the availability of nutritious food in various parts of the archipelago.



## Our Approach

ENSURING FOOD  
RESOURCES QUALITY

FARMER'S PARTNERSHIP

QUALITY  
STANDARDIZATION

VENDOR  
DEVELOPMENT



### Quality Standardisation

All our activities are standardised to the smallest details. We have complied with various thresholds and quality standards and conducted multiple quality audits for the entire system. We do this to ensure quality stability and ensure product sustainability.

As a tangible form of our commitment in providing the best nutrition, our factory already has Halal certification from the Indonesian Ulema Council (MUI), namely ISO 9001, ISO 17025, and FSSC 22000 from the Foundation Food Safety System Certification for food safety audits and certifications.

### Ensuring Food Resources Quality

[GRI 204-1]

To ensure good nutritional quality, we provide suppliers with standard guidelines. This quality control is carried out to ensure that all partners comply with international regulations and our quality standards. In 2018 as much as 30% of our total material is sourced locally from Indonesia.



The following are some of the international standards that we have adopted to ensure our quality and sustainability:

### DAIRY SUSTAINABILITY FRAMEWORK

For our dairy-related products, we ensure that all materials used are in compliance with the Dairy Sustainability Framework (DSF).

DSF ensures a uniform global framework towards sustainability. Many dairy industries, food companies, NGOs and retailers participated in this initiative, along with us.

Strategies are formulated in both global and regional. Danone SN Indonesia ensures that these strategies are implemented in our system with the aid of Key Performance Indicators from DSF as well as a detailed checklist to guide the implementation progress. As of 2017-2018 DSF adheres to and complies with the standards that had been defined.

### ROUNDTABLE ON SUSTAINABLE PALM OIL

We only use palm oil that has been certified by the Roundtable on Sustainable Palm Oil (RSPO) to ensure that the palm oil used is sourced responsibly and sustainably.



We are committed for all the palm oil we used following these regulations:

01

be traceable to the plantation where it was produced

02

come from plantations whose expansion does not threaten High Conservation Value (HCV) forests

03

come from plantations whose expansion does not threaten High Carbon Stock (HCS) forests

04

come from plantations whose expansion does not threaten any tropical peatland, of whatever depth

05

come from plantations that respect indigenous peoples' and local communities' rights

06

come from plantations that respect the rights of all workers

## Supplier Development

[GRI 308-1, GRI 414-1]

As part of our responsibility in maintaining standard throughout our value chain, maintaining a good relationship with our vendor is vital. Following are guidelines for vendor development, which are:

01

### SUPPLIER ETHICAL DATA EXCHANGE (SEDEX)

is the supplier environmental and social assessment guideline. A supplier can only be working with us once it has passed the assessment. To ensure supplier's sustainability, an audit is done annually. Any supplier that fails to reach the evaluation will be given time and guidance to improve their performance. This allows a mutually beneficial relationship between us and the supplier. Therefore, 100% of our new suppliers are screened through the SEDEX.

### CONTRACTOR SAFETY MANAGEMENT SYSTEM (CSMS)

a management system that calculates and control the risk between suppliers and us. This tool will evaluate the details of the procedures that supplier undertakes during the production process or their services from health and safety perspective. Any accidents will be recorded in the CSMS report. During the evaluation, we will give pointers to the suppliers if there is any failure to reach the proposed standard. Hence supplier would comply with the high standards that DSN has.

02

## Farmer Partnership

[GRI 413-1]

As part of our responsibility to the local community, we educate local farmers and help implement Good Farming Practices to enrich and empower them.

Starting from the identification of the poor condition of dairy cattle around Central Java and Yogyakarta, in 1991 we set up a Dairy Quality Management team (PMS). This team helped improve the quality of fresh milk of the dairy farmers who are members of the local Dairy Cooperative.

The programmes carried out by the Dairy Quality Management team are:

01

### Implementation of Good Farming Practices and Good Manufacturing Practices

The programme starts with regular monitoring of germ counts (TVC) on the entire milk chain, from breeders to milk being accepted in factories. This helps suppliers reduce the number of bacteria in their milk to be lower than 1 million cfu/ml over the last five years which is far below the health standard.

as well as monitoring raw materials and warehouses. So that in 2017, the amount of aflatoxin decreases.

We continue to practice good manufacturing practices in dairy cooperatives and assist in the establishment of Standard Operating Procedures (SOP) so that the quality of milk produced can improve.

We also conduct socialisation regarding the danger and control of aflatoxin. We provide training regarding the handling and storage of animal feed

#### TESTIMONY



“Overall, from year-to-year, these farmers’ awareness of producing better quality fresh milk has improved. Thank God, not only an increase in quality but also the quantity of products and the number of farmers has increased.”

**Esti**

KJUB Puspetasari Organiser



## 02

### Farmer’s Education Programme

We conduct various education programmes to increase farmers’ knowledge. One of them is the Farmer Campus. Farmer Campus is an educational programme that trains breeders on handling fresh milk and management of cow farm.

We also conduct Safety on Farm training, in order to increase safety knowledge in the workplace. The material provided by our internal team to all partners and the Merapi Project. One form of our activity is conducting a safety assessment at the Merapi Project enclosure.

## 03

### Equipment and Dairy Cows Aid

Direct assistance such as equipment and facilities are given to cooperatives and farmers. Other assistance are given in the form of grants and credit, improvements to facilities and infrastructure, such as pens and equipment, milk cooling units (cooling units/plate coolers), and milk storage equipment (milk can). In the year of this reporting period, we provided grants in the form of milk can and analysis equipment to help maintain the quality of milk produced.

In addition, specifically for Merapi programme, we provide assistance in the form of equipment and vehicles as well as machinery related to the process of raising dairy cows starting from the manufacturing of feed, maintenance, milking to the collection of fresh milk and also waste treatment. This machine equipment was given in the form

of a grant to a cooperative that was established from the Merapi Programme that we initiated. The handover of equipment and machinery is aimed at the independence of the cooperative in developing its business.

Furthermore, dairy cow assistance is also provided in the form of revolving cows. Cooperatives are using these cows among its member in turns in the hopes of increasing the overall dairy cow population.



## OVERVIEW

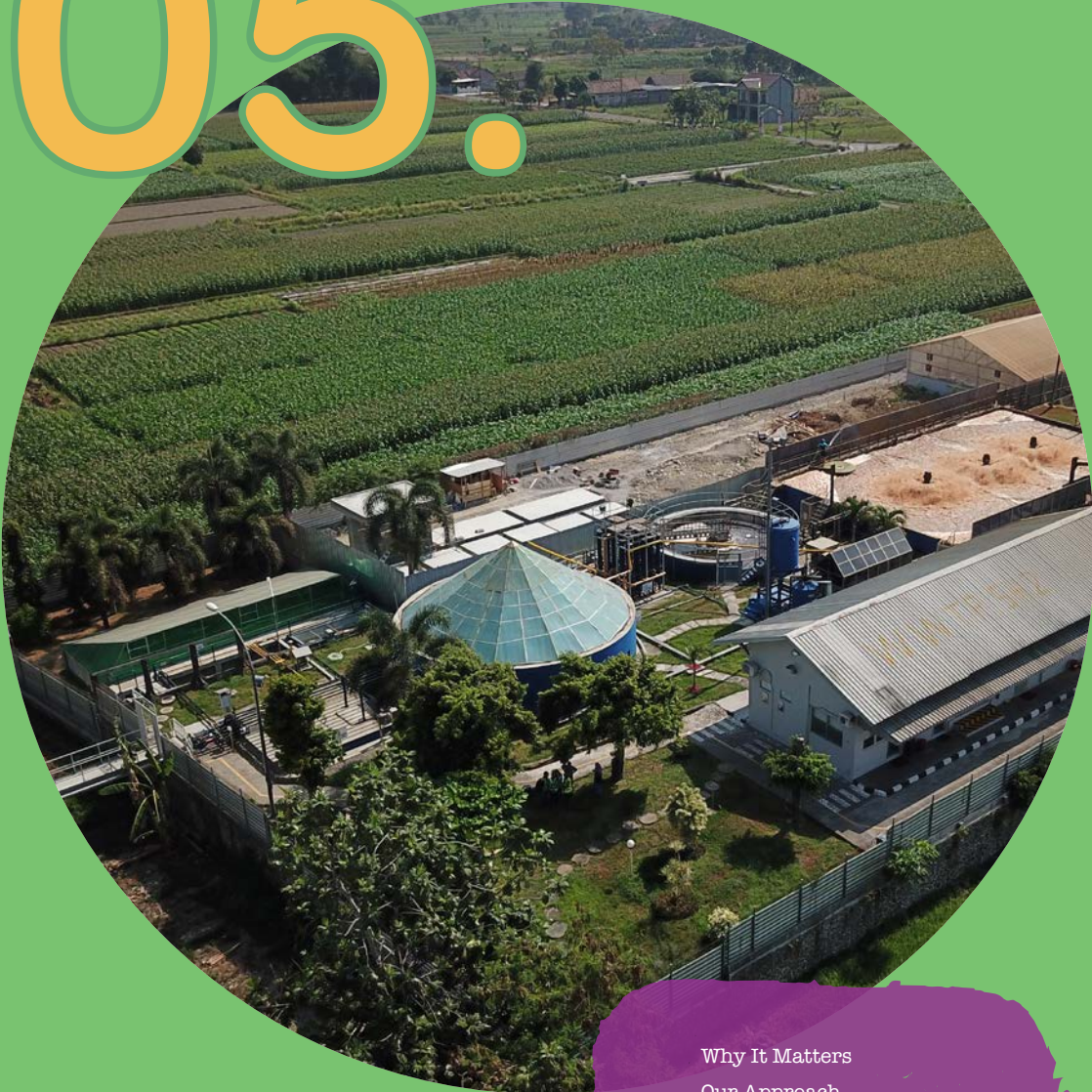
2017 – 2018

Farmer partnership helps in increasing the milk quality of the local farmers as follows:

- Total bacteria count in milk (<1 million cfu/ml)
- Improvement in milk fat percentage > 3.6%
- Solid non-fat percentage increases > 8.1%
- Various facilities and system improvement



# 05.



## Nature and Environment

- Why It Matters
- Our Approach
- Emissions Control and Energy Consumption
- Water and Wastewater Management
- Waste Management and Treatment
- Green Office Initiation



## Why It Matters

*[GRI 102-11]*

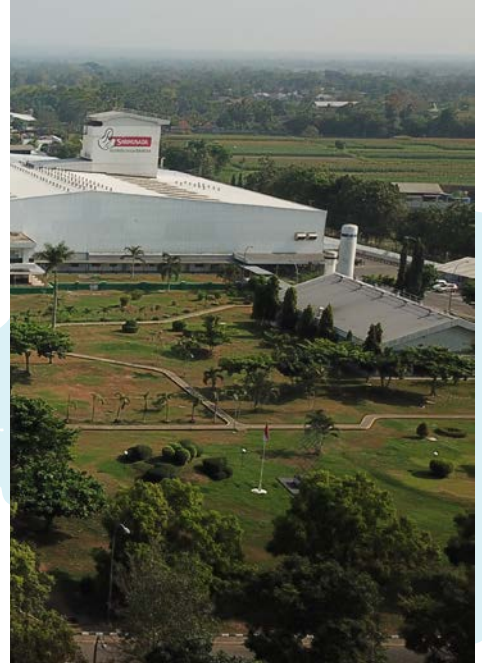
Today, people are very concerned about the food and drinks they consume, how a product is made, the source of food used, and how it is consumed.

Combined with community awareness of growing environmental issues, we need to protect natural resources and protect the earth we live in.

As one of the largest providers of nutritional products in Indonesia, we are well aware of the importance of managing natural resources and preserving the environment responsibly. Following the business principles of Danone SN Indonesia, we are always responsible for realising sustainable development with nature and the environment that we have maintained for a long time.

Our efforts in realising a sustainable business are in line with the Sustainable Development Goals (SDGs) that we want to achieve. So that all activities that we undertake aim to achieve these SDGs.

Our seriousness in realising sustainability is reflected in one of our movements, namely, Preserve and Renew the Planet's Resources. To make a positive impact on the world, we aspire to be the initiators of the initiative. In all products, we are committed to implementing green production and the concept of a circular economy on our packaging. We also play an active role in preventing climate change. As part of the Danone Group, we



are participating in a global programme which is the implementation of a carbon-positive strategy and carbon neutrality targets by 2050.

**Environmental aspects have become one of our main focuses.**

Therefore, we do a lot of real work and investment to control and handle environmental impacts. The investment spent is aimed at handling waste, reducing emissions, preventing negative environmental impacts, and environmental management around our business units. During the reporting period, there were no incidents or non-compliance with environmental aspects.

## Our Approach

[GRI 102-11]



## Emissions Control and Energy Consumption

[GRI 102-11, GRI 302-4, GRI 305-7]

To anticipate the increased risk of climate change, we decided to reduce emissions from our operations. We realise that there are still many activities from operations and production that produce emissions to the environment around us.

Therefore, we have done various efforts with predefined indicators to reduce emissions in order to create a clean environment and maintain climate stability. Our efforts to reduce the emissions and energy consumption needed are captured in Danone's annual Nature Road Map.

Efforts to reduce emissions cannot be separated from energy consumption. We reduce energy consumption from fuel, heating, steam and electricity consumption. Steps that we take to reduce energy consumption include energy audits, optimising blow downs on boilers, overcoming compressed air leaks and replacing leaky Steam Trap engines, eliminating evaporators, installing oil injection, optimising air system distribution (AHU), and using LED lights in factory environments.

Furthermore, there are other initiatives that are not related to energy consumption such as choosing and using materials that do not contain asbestos, do not cause ozone damage, and are not carcinogenic.

The electricity consumption is recorded according to the electricity meter and billing statement from the national electricity company (PLN). In managing air emissions, we take measurements bi-annually for some of our equipment, in accordance with Governor Regulation No. 169/2003 Appendix III. This measurement is carried out by a laboratory that has been accredited by KAN. So far, the measurement results are always far below the threshold defined by the government. The sampling results are as follows:

#### Air Emission Quality

Equipment	SO <sub>2</sub> (mg/Nm <sup>3</sup> )	NO <sub>2</sub> (mg/Nm <sup>3</sup> )	Dust/ Particulate (mg/Nm <sup>3</sup> )	Opacity (%)
Regulatory limit	800	1000	350	35
Air heater	1	47	1	0,8
Exhaust	-	-	1	0,8
Exhaust Fan Dryer	-	-	1	0,8
Boiler 1	2	82	-	-
Boiler 2	2	81	-	-
Total Sample emissions from equipments	5	210	3	0,8

#### Energy Consumption Reduction:



## Water and Wastewater Management

[GRI 102-11, GRI 303-1, GRI 306-1]

Water is an important resource for human life and is an important factor in ensuring food security and sanitation.

The clean water crisis is global risk number four which impacts on society. The World Economic Forum 2017 notes that 785 million people in the world do not yet have access to clean water.

As a form of appreciation for the importance of water sources, we always use water efficiently and effectively and take initiatives to preserve and restore the sustainability of water sources. Our main water source is deep wells extracted through pumping techniques.

In 2017 and 2018, our total water consumption reached 515,253 m<sup>3</sup> and 498,858 m<sup>3</sup> respectively. We succeeded in reducing water consumption by 3% as a result of our commitment to always maintain and appreciate the importance of water. The efforts made are by installing a water recirculation compressor machine in each production unit, using rainwater, optimising CIP, and various other initiatives in using water again.

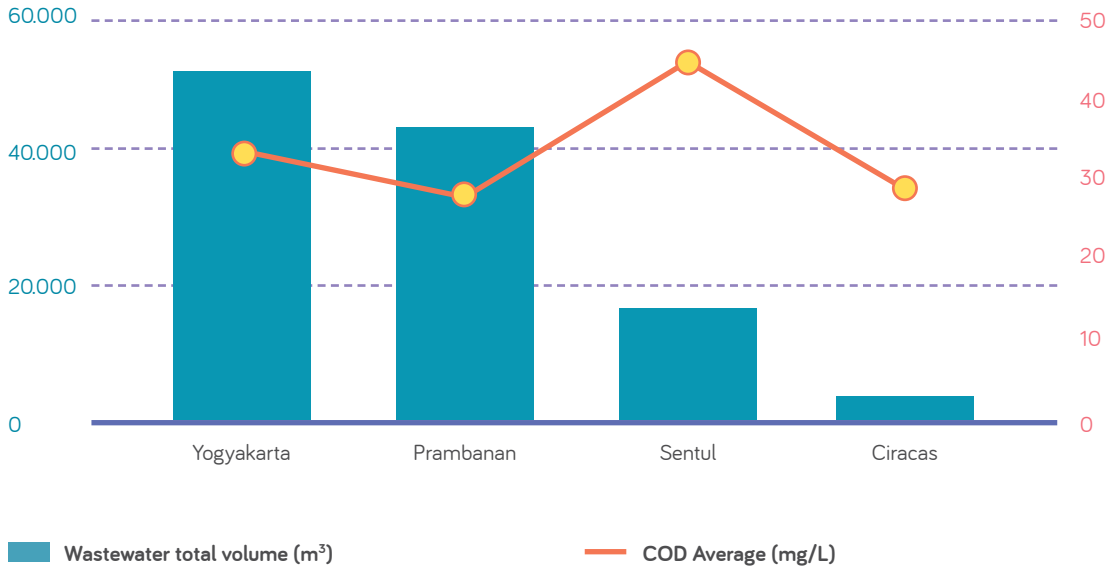
We continue to monitor our water sources by installing flowmeters in relevant points, and until the publication of this report, there have been no

complaints about water sources being polluted due to water consumption activities. We ensure that only a small amount of water is discharged into water bodies. We maximise the utilisation of wastewater for watering plants, the needs of condensate machines, as water coolers and other needs, recycling air condensate and cooling water, recycling tanks washing, and reusing final disposal water.

At present, we have two endpoints for the flow of wastewater generated from our production process, the Gadjah Wong River and the Deleran River. As a form of our responsibility in maintaining both streams, we conduct wastewater treatment using aerobic and anaerobic methods. Wastewater is regularly audited to ensure that the quality is in accordance with existing quality standards before being discharged to the river. Throughout 2018, the quality of wastewater that we produced was still safe and far below the threshold.



**Wastewater Volume and Quality**



**Waste Management and Treatment**

[GRI 102-11, GRI 306-2]

We have managed to maintain the stability of waste management indicators from 2017-2018. This was achieved by our efforts to manage the efficiency and effectiveness of the existing control system, improve the quality of research, and the application of waste treatment methods.

The standard we use in waste management and control is ISO 14001: 2015. Our initiatives in managing waste are divided into two; manpower and environment. From the manpower side, we conducted training and workshops periodically. We also carry out nature engagement in our business environment, which is focused on making a greener earth and a better life.

From the environmental aspect, we did several initiatives on waste management such as cooperating with licensed third parties to transport waste and utilising reject products as animal feed. At present, 100% of reject products have been utilised.

As a company that prioritises sustainability, especially in the context of environmental management, we recognise that product packaging will become waste at the end of its life. At this time, we do not have a strategy for handling or utilising packaging waste directly. But in reality, our product packaging waste can be an added value for the community because the used cardboard can be recycled so that it still has quite high economic value.

**The total volume of material waste produced in 2017 is 159,994 Ton, and there is a decrease of 2% in 2018 at 156,976 Ton.**



## Green Office Initiation

[GRI 102-11, GRI 302-4, GRI 303-1, GRI 306-2]

One Planet One Health is not just a slogan for us. We feel that this is important and we have implemented it in our daily lives through Green Office initiative.

Aside from being important for business continuity, this initiative can also have a positive impact on the company in the form of cost savings, increased efficiency and increased employee loyalty.

The green office initiative began with a campaign to make changes to habits of saving water, paper and electricity. Some of the implementation of our habitual changes are printing on both sides of the



paper, turns off the lights when finished using the meeting room, reduces the use of plastic cups for drinking, provides a special segregated trash bin (separated into paper, plastic and organic waste). It is achieved with the support of cross-functional cooperation for green office initiatives and training for office boys.

Aligned with our policy in supporting the principle of zero waste to landfill, we invite our employees to reduce using utensils that are not environmentally friendly and reduce food waste. We also have a less-waste snack policy, i.e. replace snack boxes with trays.

# 06.



## Socioeconomic Empowerment

- Why It Matters
- Our Approach
- Stunting Prevention Programme
- Isi Piringku
- Merapi Project
- Rumah Tempe
- Warung Anak Sehat
- Rumah Srikandi
- Rumah Bunda Sehat
- Taman Pintar
- Duta 1.000 Pelangi
- Palu-Sigi & Donggala Earthquake Humanitarian Aids



## Why It Matters

**“I firmly believe that business can be both efficient and human... Let us conduct our business with the heart as much as with the head”**

Antoine Riboud (Founder and Former Danone CEO) in the Marseilles Speech, 1972.

This speech has become the foundation for the dual mission that Danone Group has in conducting its business, which is business and social mission. We truly believe that these missions can be done together.

From this mission, Danone SN Indonesia strives to translate values that its founder created to be a reality. Hence Danone SN Indonesia creates programmes that aim to elevate the socio-economic condition of communities around us. Each of our unit operations conducted their local community development in their surrounding area. The programmes are done with SDGs in mind.

Some SDGs that corresponds to our programmes are:



Our programmes aim to help the economic wellbeing of society around us. We desire to help these communities, as well as disaster victims, in strengthening their economic position and also giving them a brighter future.



Our programmes are also designed to educate people on stunting and proper nutritious intake.



We provide balanced nutrition education to parents, children and teachers.



Some programmes are developed to help in giving work opportunities to locals in the area.



The programmes created to ensure access of small-scale industrial and other enterprises to financial services, including affordable credit, and their integration into value chains and markets.

**Our Approach**

We identified 5 focuses of socioeconomic empowerment activities, i.e:



We developed several programmes to support our socioeconomic empowerment activities in the form of financial or in-kind support. Each of the programme was aligned with our focus, as marked by the color code.

- 1 *Stunting Prevention Programme*
- 2 *Isi Piringku*
- 3 *Merapi Project*
- 4 *Rumah Tempe*
- 5 *Warung Anak Sehat*
- 6 *Rumah Srikandi*
- 7 *Rumah Bunda Sehat*
- 8 *Taman Pintar*
- 9 *Duta 1.000 Pelangi*
- 10 *Palu-Sigi & Donggala Earthquake Humanitarian Aids*



# Stunting Prevention Programme

In line with our 10 commitments to build and improve health quality, in 2018 we focused on the Stunting Prevention Programme.

## Our Stunting Prevention Framework



Intervention concept by Dr. dr. Damayanti, SpA (K) UKK GIZI IDAI & Head of Pokja GIZI Kemenkes

Target: **Growth failure**    **Undernourished**  
 Intervention: **Malnutrition**    **Stunting**

## Socialisation and Coordination



This initiative is supported by The Ministries and Governments to educate the health workers by giving a counseling about the importance of preventing stunting among them.

## Our Main Programmes

We have 3 main programmes that cover the second and third stages of the framework:



Training of health workers and integrated healthcare center cadres

Tiered referral system for stunted toddlers and children at risk of stunting

Management of stunting by pediatricians with supervision under integration healthcare center doctors, nutrition executive & village midwives

## Monitoring and Evaluation

In this stage, we monitor the Processed Food for Special Medical Purposes (*Pangan Olahan Untuk Keperluan Medis Khusus/ PKMK*) that is supported by village midwives. We also have regular meetings with pediatrician to assess the children nutritional status improvement that ends with the development of further action plans for the future. As a result, based on our framework, we define 3 stunting prevention aspects:

- Application of the pattern of giving *Makanan Pendamping ASI (MPASI)* that is truly complementary all nutrients.

- Early detection of weight faltering by cadres under nutrition executive supervision and village midwife.

- Identify nutritional needs for PKMK by collaborating with the government to understand the conditions that cause stunting, such as malnutrition, Failure to Thrive (FTT), food allergies and inherited metabolic disorders (PKU, MSUD, etc).

## Isi Piringku

[GRI 413-1, FP-Healthy and Affordable Food]

Isi Piringku is an education programme that aims to fight stunting in Indonesia by promoting healthy foods. We are aware that stunting can lead to harmful potential therefore we strive to educate the community about the dangers of stunting and the importance of eating healthy foods.

Studies have shown that Indonesia's children face multiple health issues such as:



1 in 4 children is drinking less water than recommended (European Journal of Nutrition).



Only 1 in 10 children consume fruits and vegetables.



Indonesia's children consume the least milk per litre compared to Malaysia, Singapore, the Philippines, and Thailand.

This issue, along with the Sustainable Development Goal #2 to end all forms of malnutrition by 2030 including a 40% reduction of stunted children by 2025, motivate us to create this education programme.

This programme aims to educate by giving an applicable guide and balanced nutrition information to parents and children and



kindergarten teachers about staple food, animal and plant-based protein, fruit and vegetables plus recommended nutritious and affordable menu to both parents and children.

We focus on providing education about:

1. Balanced nutrition
2. Healthy hydration
3. Not all milk is the same
4. Physical exercise
5. Healthy life behavior
6. Children growth & development monitoring through *Kartu Menuju Sehat* (KMS)

As of 2017-2018, more than 700 teachers, 7,000 mothers, and 7,000 children, including SEAMEO CECCEP had participated in this education programme. By 2020, we hope to reach 5,7 million children aged between 4-6 years old.

## Merapi Project

[GRI 203-1, GRI 413-1]

This programme was conceived to aid local communities around Merapi Volcano after the 2010 eruption which has rendered many locals unable to provide themselves economically. In coordination with local government in Special Region of Yogyakarta and Sleman Regency, we divided the project into two parts namely dairy and non dairy.

The objectives of the Merapi Project are:

- 01. Restoring economic activities and sources of community livelihoods after the eruption of Merapi Volcano.
- 02. Supporting farmers in safe areas through sustainable dairy farming and other integrated farming activities.
- 03. Restore milk supply volume for Sarihusada and improve quality.



Merapi Project had evolved into a dairy farming training center. Throughout 2017, around 1,500 people came to this farm to conduct various types of training including internship programmes, on-the-job training, comparative studies and also tourist visits. This programme was later formalised as the 'Farmer Academy' programme.

Collaborating with Regional Government of Special Region of Yogyakarta and Sleman District, we divided this project into 2 parts which are dairy activity (integrated dairy farming) and non dairy activity (Farming Income Generating Activity/FIGA). Over the years, multiple actions and programmes had been conducted on the farm to help in empowering locals.

### Programme Focus

DAIRY	NON DAIRY
Integrated Dairy Farm	Farming Income Generating Activity (FIGA)
<ul style="list-style-type: none"> <li>■ Development of integrated communal dairy farms</li> <li>■ Concentrate feed processing</li> <li>■ Organic fertiliser processing</li> <li>■ Milk pick-up and dairy health service to satellite farmer</li> <li>■ Farmer Academy and educational tour</li> </ul>	<ul style="list-style-type: none"> <li>■ Dairy products processing</li> <li>■ PE goat raising</li> <li>■ Fattened goats raising</li> <li>■ Organic fertiliser processing</li> <li>■ Access to finance through micro-finance</li> </ul>

## Dairy Programme

In 2017, the Sapi Merapi Sejahtera Cooperative (SAMESTA) was established to help existing business units and update management system to be more transparent in managing all sales and purchases of dairy products in the area. In March 2017, the cooperative was approved by the Ministry of Cooperatives with approval number 003 714 / BH / M.KUKM.2 / III / 2017. The cooperative management has been active in developing the business by utilising their connections, especially for marketing compost products, concentrates, and Farmer Academy as well as recruiting new farmers.

We also conduct business development in the form of concentrate feed processing production. This unit was built in order to meet the needs of concentrate feed with good and stable quality at an affordable price compared to the outside seller.



**Throughout 2017, the production rate of concentrate feed increased significantly with an average production of 20 tons per month.**

Moreover, one of our excellent programmes in the dairy field is the Farmer Academy. This academy was created to answer the training needs for live maintenance of dairy cows and is based on experience in the field, certainly validated by existing knowledge.



intended educational activity is an educational visit as well as animal husbandry tours for the public who want to know at a glance about dairy farming activities from upstream (feed processing, planting grass) to downstream (waste processing to be used as compost and utilisation of biogas produced).

Other supporting activities complement the Merapi Project dairy programme such as the production of green grass as food for livestock, as well as a livestock loan programme called Passing on the Gift, where farmers can borrow livestock to grow their dairy products and sell milk to unions.

This learning process 70% focuses on direct application at the ranch. Students are also allowed to attend and carry out field studies on this project. In total, more than 1,000 prospective farmers and students from various universities visit and study at our academy.

Another activity is the Merapi Project Educational tour. The SAMESTA Farm educational tour is one of the programmes that was initiated as an added value from the activities in the Merapi Project. The





## Non Dairy



Farming Income Generating Activity (FIGA) or Non Dairy activities are carried out to accommodate people affected by the eruption of Merapi in 2010 which is not included in the criteria for dairy participants. These activities provide opportunities for the community, adjusted to the potential that exists in each group. 9 groups participate in this programme with the types of activities in the form of eel cultivation, worm and vermicomposting, super Javanese chicken cultivation, vegetable cultivation, goat fattening business, dairy goat breeding business and cow's milk processing business. In total, around 175 residents were participating in the non dairy programme since the beginning of the Merapi Project.

To aid in providing capital to the local, a money lending union was formed in 2016. This lending programme allows for a local to borrow money up

to Rp 10,000,000. Some successful businesses formed out of this programme are laundry business, small retailers, small grocery store, as well as small farms. As of the end of January 2018, more than 650 people have used this money lending unit with a total loan value of more than Rp 4,6 billion.



## Rumah Tempe

[GRI 413-1]

Rumah Tempe is an economic empowerment programme carried out in Gendeng Village, Prambanan Klaten through the implementation of the Srikandi Gendeng Tempe House programme in Kemudo Village, Klaten.

This business was chosen because tempe is healthy local food and has high nutritional value, has an affordable price and can be accessed easily. This programme contributes to economic development, through the intervention of rural industries based on local potential. We provide assistance, training, and support facilities so that the community can create economic opportunities through the development of local products that are of good quality and worth selling. At present, Rumah Tempe has succeeded in producing 6,000 packs with a turnover of more than Rp. 15,000,000.



### TESTIMONY



“The existence of the Rumah Tempe programme has a clear positive impact on the economy for the surrounding community, one of which is employment, so the unemployment rate decreases. That way, the community can get a better income and improve their economic conditions. We also find it very helpful because we finally have our own product brand, Tempe Echo Sari, which is now well-known in Klaten.”

#### Agung Saputro

Head of Desa Gendeng Village, Prambanan, Klaten

## Warung Anak Sehat

[GRI 413-1, FP-Healthy and Affordable Food]

Overcoming nutritional problems in Indonesia, especially in school children, must start with improving habits in consuming healthy snacks at school. Warung Anak Sehat (WAS) is our programme that aims to create a healthy canteen school through mentoring and providing educational material.

In 2017, the WAS programme reached 350 elementary schools in four cities in Indonesia, namely Bogor, Bandung, Yogyakarta, and Ambon. The programme focuses on fulfilling nutrition in accordance with the Guidelines for Balanced Nutrition (*Pedoman Gizi Seimbang/PROGRAS*) and empowering women through micro-enterprise.

In carrying out this focus, the WAS programme is collaborating with experts or related institutions, some of which are the Faculty of Human Ecology, Bogor Agricultural University (FEMA IPB) and CARE International Indonesia. Together with FEMA IPB, the WAS programme series conducts nutrition education targeting teachers, parents, and also sellers of snacks around the school; especially the school canteen or often called Ibu Warung Sehat Anak (IWAS).



In 2018, we have empowered as many as 350 women in 446 schools and trained 27,861 children, 6,122 mothers, 313 teachers, and 350 IWAS. As a result, 72% of IWAS had a revenue increase of more than 50%.



## Rumah Srikandi

[GRI 203-1, GRI 413-1]

Rumah Srikandi is a community development programme that aims in improving health and nutrition, environment, and microfinance.



The activities vary from demo agriculture plot, cooperative loan, school enrichment programme and even entrepreneurship. Up to 2018, 6 active Rumah Srikandi projects are running in Central Java.



### TESTIMONY

“Mothers of toddlers who have malnutrition issues increases her knowledge with counseling, training, cooking demonstrations so that the child’s nutritional condition is getting better.”

**Azizah**

Cadre of Rumah Srikandi Badran





## Rumah Bunda Sehat

[GRI 203-1, GRI 413-1, FP-Healthy and Affordable Food]

Rumah Bunda Sehat is a programme catered to educate women from underprivileged backgrounds, as an empowerment initiative towards better family care, balanced nutrition, and generate income.

The programme aims to educate women and cadres from local clinics in promoting family care through basic health, nutrition, childcare, and entrepreneurship.

Some specific skills taught in the programme are basic health, basic nutrition, parenting, cooking, sewing, basic marketing & simple finance, and public speaking.



Some achievements during 2017-2018 are:

- 01 Collaboration with Indomaret
- 02 Facility renovation
- 03 Regular classes for Moms
- 04 18 Bunda Duta Gizi were trained
- 05 Exposure of Bunda Duta Gizi to relevant local government
- 06 Patch work design and quality improvement



### TESTIMONY

“PT Sarihusada’s CSR is able to embrace leaders in the location where the programme is conducted and be able to optimise the potentials of the community so that the community is more empowered and independent.”



**Dr. Yuli Setyowati, M.Si**  
APMO Academic

# Taman Pintar

[GRI 203-1, GRI 413-1]

An educational theme park located in the Special Region of Yogyakarta that aims to be both recreational and educational.

Other than attractions, there are interactive classes that aim to educate mothers on the importance of early childhood nutrition intake as well as the effect of parenting and games on the child's psychological growth. So far, more than 25,000 mothers and children had attended the classes, along with countless others enjoying the attractions at Taman Pintar.



## TESTIMONY



“Our goal is to improve nutritional status and lower stunting rates in Indonesia. We are partnering with Sarihusada and One Earth Integral Education Foundation to support government programmes in preventing stunting.”

**Dr. Ni Wayan Suriastini, M. Phil**

Director of One Earth Integral Education Foundation



“I on behalf of the government of the Special Region of Yogyakarta would like to thank you for the participation of PT Sarihusada who has contributed through its CSR towards the development of D.I.Y for how quickly we resolve the problems that exist in our area.”

**Ir. Gatot Saptadi**

Sekretaris Daerah D.I.Y

## Duta 1.000 Pelangi

[GRI 413-1, FP-Healthy and Affordable Food]

The 1,000 Pelangi Programme is a nutrition assistance programme for employees and their families adopted from the government programme, which is the First 1,000 Days of Life (1,000 *Hari Pertama Kehidupan* / 1,000 HPK).

As a nutrition company for mothers and children, we pay attention to the fulfillment of employee family nutrition status. Since the employee or wife of the employee is pregnant, breastfeeding, until the child is two years old, the 1,000 Pelangi programme is also assisting in the adequacy of nutrition in order to produce brighter generations.

The company's seriousness in the programme is evidenced by recruiting several nutritionists and ambassadors taken from the employees to become volunteers as programme assistant.





## Palu and Donggala Tsunami Humanitarian Aids

[GRI 413-1]

In 2018, we, together with the Aksi Cepat Tanggap community, aided the Palu Donggala community by helping in the distribution of logistical assistance, personal hygiene, ready-to-eat food from the public kitchens and the distribution of clean water. The distribution of aid was carried out to refugee camps and residents affected by the disaster.



We distribute 5,000 litres of clean water per day to around 270 victims. We also provided logistical distribution such as mineral water, isotonic, and child milk to refugee camps affected by disasters in Palu, Sigi, and Donggala. In addition, as many as 400 personal hygiene packages we provide to families of victims in need. Distribution of ready-to-eat food from the public kitchen is carried out in three different locations namely Vatulela, Taipa, and Baiya refuge. In total, we distributed around 3,400 servings of food.



In addition to contributing to the provision of food and logistics, we also provide an Integrated Comfort Residential Complex which includes 96 shelter units, 1 mosque unit, 20-door bathing, washing, and toilet facilities (MCK), Early Childhood Education (*Pendidikan Anak Usia Dini/PAUD*) classrooms, village maternity post, secretariat room, and public kitchen buildings.

# 07.



Why It Matters  
Compliance Division  
Anti-Corruption and  
other Integrity Policies  
Quality Food Safety  
Sales and Marketing  
Compliance

# Compliance

## Why It Matters

[GRI 307-1, GRI 419-1]

We believe in the philosophy that our responsibilities do not stop at the company's gate, but include all stakeholders: employees, shareholders, suppliers, consumers, business partners, the communities where we work, and the government.

We are committed to realizing sustainable business practices by continuously improving our performance. During 2018, we had no legal fines or sanctions related to non-compliance with environmental, social or economic regulations.

Compliance with applicable laws and ethical standards is at the core of achieving Danone's dual goals. This is a prerequisite for creating a fair and open market and sustainable growth, which in turn contributes to the success of businesses and a healthy society. Therefore, Danone issues Compliance Policies that apply throughout all countries where Danone operates. The Compliance Policy along with the Standard Operating Procedures derived from the aim to provide guidance to all Danone SN Indonesia employees to carry out their duties with high integrity and in accordance with applicable regulations.

In addition, we ensure that the main thing to be a sustainable company is to apply the values of Good Corporate Governance (GCG). Our commitment to GCG is to place GCG as the basis for all company business behaviour. This implementation will also ensure that the company's business behaviour always runs in harmony with applicable laws and regulations, business ethics, and best practices. Thus, implementing GCG will help in developing business and strengthen management.

**We are continuously building a strong governance system to achieve our vision and mission, which is reflected in the application of transparency, fair, timely and effective decision making in all our activities.**

## Compliance Division

[GRI 102-11]

In 2016, we officially established a special department related to compliance, which received full support from management with the formation of a Compliance Committee named the Cluster Compliance Committee (CCC).

The CCC, which consists of the General Manager as the highest management in Indonesia and the Heads of several divisions in Danone SN Indonesia, aims to review, supervise and coordinate the implementation of the Compliance Programme. The CCC also aims to assess risk and determine appropriate steps for the risk mitigation process. CCC shows a strong commitment from management towards compliance. This committee conducts meetings 4 times a year so that it is certain that the programme will always be up to date with the current situation and conditions.

### Compliance Framework

The Compliance Programme consists of 4 major programmes, namely:

#### 1 Build a clear and strong foundation

This programme is aimed to determine the “Do’s and Don’ts” at the company based on Danone policies and local regulations. We will refer to

the strictest regulations between Danone’s policies and local regulations. Next, we launch the SOPs following the policies.

#### 2 I Do It Right Programme

Through I do it Right Programme, we build awareness in a fun way. This programme includes training and campaign through the media may vary, from direct action at the workplace, WhatsApp group, as well as Webex.

#### 3 Self and Cross-functional assessment and monitoring

This programme was made to ensure all the employees work according to the rules. The compliance team visit the related field and do a cross assessment related to Compliance Policy, particularly regarding ethical and regulatory product marketing.

#### 4 Risk Management

Risk management is made to identify potential problems before they occur so that risk-handling activities may be planned and implemented.


## Anti-Corruption and other Integrity Policies

[GRI 205-2]

We have a rule of a zero-tolerance policy for bribery and corruption. This is not only because bribery and corruption are against the law, with strict sanctions for persons and companies, but also because bribery and corruption can potentially kill a country's economic and social development.

Corruption and bribery contradict Danone's 'double commitment' to achieve not only business accomplishment but also social development through its business behaviours.

We also create an Integrity Policy that sets out in detail the rules and responsibilities that each Danone SN Indonesia employee must comply with not only regarding the bribery and corruption but also: gifts and hospitality, sponsorship and donations, fraud, money laundering, conflicts of interest, stakeholders relationships such as the government and the healthcare service system. Furthermore, we also have the special committee regarding fraud called Anti-Fraud Committee which is tasked to discuss and crackdown on cases related to fraud.



We have a rule of a  
**ZERO-TOLERANCE**  
policy for bribery  
and corruption.

Non-compliance with this Integrity Policy (or other Compliance Policy) will not be tolerated by the company and may lead to disciplinary action in accordance with applicable regulations and collective bargaining agreement.

Constant communication and training regarding Integrity Policy were conducted for our employees in all of our business units. Moreover, we also communicate about the organization's anti-corruption policies to governance body members as well as the third parties (distributors and vendors).

By employee category **2017**

	<u>Executive Committee</u>	<u>Director</u>	<u>Manager</u>	<u>Supervisor</u>	<u>Staff</u>	<u>Total</u>
Receive a communication on anti-corruption policies and procedures (emails, company news, brochures etc)	16 people <b>100 %</b>	4 people <b>100 %</b>	344 people <b>100 %</b>	347 people <b>100 %</b>	466 people <b>33 %</b>	1177 people <b>55 %</b>
Have been trained on anti-corruption policies and procedures (seminar, etc)	16 people <b>100 %</b>	4 people <b>100 %</b>	344 people <b>100 %</b>	347 people <b>100 %</b>	685 people <b>48 %</b>	1396 people <b>65 %</b>

By employee category **2018**

	<u>Executive Committee</u>	<u>Director</u>	<u>Manager</u>	<u>Supervisor</u>	<u>Staff</u>	<u>Total</u>
Receive a communication on anti-corruption policies and procedures (emails, company news, brochures etc)	12 people <b>100 %</b>	3 people <b>100 %</b>	380 people <b>100 %</b>	353 people <b>100 %</b>	156 people <b>11 %</b>	904 people <b>38 %</b>
Have been trained on anti-corruption policies and procedures (seminar, etc)	12 people <b>100 %</b>	3 people <b>100 %</b>	380 people <b>100 %</b>	353 people <b>100 %</b>	156 people <b>11 %</b>	904 people <b>38 %</b>

Total number and percentage of governance body members (Executive Committee and Director) that have received training on anti-corruption, broken down by region for **2017**

	<u>Head Office</u>	<u>Yogyakarta</u>	<u>Prambanan</u>	<u>Sentul</u>	<u>Ciracas</u>	<u>Total</u>
Have been trained on anti-corruption policies and procedures (seminar, etc)	18 people <b>100 %</b>	1 people <b>100 %</b>	–	–	1 people <b>100 %</b>	20 people <b>100 %</b>

Total number and percentage of governance body members (Board of Commissioner & Board of Director) that have received training on anti-corruption, broken down by region for **2018**

	<u>Head Office</u>	<u>Yogyakarta</u>	<u>Prambanan</u>	<u>Sentul</u>	<u>Ciracas</u>	<u>Total</u>
Have been trained on anti-corruption policies and procedures (seminar, etc)	13 people <b>100 %</b>	1 people <b>100 %</b>	–	–	1 people <b>100 %</b>	15 people <b>100 %</b>

Total number and percentage of employee that have received training on anti-corruption, broken down by region for **2017**

	Head Office	Yogyakarta	Prambanan	Sentul	Ciracas	Region Area	Total
Have been trained on anti-corruption policies and procedures (seminar, etc)	332 people <b>100 %</b>	191 people <b>79 %</b>	270 people <b>38 %</b>	60 people <b>70 %</b>	276 people <b>74 %</b>	267 people <b>70 %</b>	1396 people <b>65 %</b>

Total number and percentage of employee that have received training on anti-corruption, broken down by region for **2018**

	Head Office	Yogyakarta	Prambanan	Sentul	Ciracas	Region Area	Total
Have been trained on anti-corruption policies and procedures (seminar, etc)	361 people <b>100 %</b>	96 people <b>40 %</b>	109 people <b>16 %</b>	46 people <b>53 %</b>	97 people <b>26 %</b>	195 people <b>33 %</b>	904 people <b>38 %</b>

Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations.

	Distributor	Vendor	Total
<b>2017</b>	3 <b>100 %</b>	2619 <b>48 %</b>	2622 <b>49 %</b>
<b>2018</b>	2 <b>100 %</b>	2110 <b>47 %</b>	2112 <b>47 %</b>

## Quality Food Safety

[GRI 416-1, FP6]



To fulfil our promise to consumers, each of Danone SN Indonesia employees has the duty to “Excellence in all qualities, every day”, contributing to the four pillars that underline our Danone SN Indonesia Quality ambitions.



In producing products, we comply with several national and international standards that ensure the health and safety of our products, as follows:

- **The Food Safety Management System** follows the Global Food Safety Initiative (GFSI) standard
- **The Recommended Dietary Allowances (RDA)**, is a standard nutritional requirement and is the average adequate nutrient per day for most healthy people
- **CODEX** is an international standard to ensure that the products we produce specifically meet the needs of children
- **Certification of the Drug, Food and Beverage Supervisory Agency (BPOM)**, food safety standards of the National Drug and Food Agency of the Republic of Indonesia
- **ELN Standard** is an integrated internal standard, which reflects our serious commitment to nutrition and health. The requirements for this ELN Standard far exceed other standards. What makes it special is that we have to meet the standards of using evidence-based specifications, therefore we have accurate measurements about our products
- **The Hazard Critical Control Point (HACCP) certification**, is an internationally recognized system for reducing the risk of safety hazards in food. We apply HACCP to all operations
- **ISO 22000: 2005 Food Safety Management System**, is an international standard in accordance with ISO standards and has been created to ensure the safety of the global food chain



**All our operations and production areas are very hygienic. We have ISO 22000 and HACCP certifications for all production plants.**

These standards include sugar reduction requirements. In addition, we carry out Paint and Roll Evaluation for our products whose sugar composition is reduced every year. This evaluation is to calculate the percentage of products that have met the recommendations for added sugar, etc.

Danone SN Indonesia also takes part in the GGL programme (sugar, salt, fat) - from the Indonesian government. This programme is in the form of a campaign about healthy daily habits, for example, you must consume a certain amount of salt every day. Sugar has been reduced for some of our products, however in some products it is not optimal, therefore the more comprehensive plan is needed.

We cannot ignore the affordability factor. For us, managing and balancing an innovation programme with aspects of affordability is quite complicated. Here are some mechanisms on how we manage it:

#### **Safe Supply**

We do not depend on one supplier.

#### **Flexible Source/Factory**

We do not rely on one product to be produced in one factory, this principle is used to avoid problems that might arise in the production of low volume products.

**We have an ELN Standard that regulates all nutritional components. The Nutrition 2020 target is the goal that must be achieved. The scope of this target exceeds the ELN standard.**

## Sales and Marketing Compliance

[GRI 417-1, GRI 417-2, GRI 417-3, FP-Product and Service Labelling]

### Products and Labelling

We include comprehensive nutritional information on all Danone Specialized Nutrition Indonesia products to help consumers make choices as needed. We apply nutritional information on labels according to the Indonesia National Agency of Drug and Food Control (BPOM) regulations and the Danone standards. In addition, our products have also been certified Halal from MUI.

To help consumers develop healthy eating habits for themselves and their families, Danone SN Indonesia pays attention to provide easy-to-understand practical information. Therefore, we provide information services and educational tools ranging from paper and internet articles to websites and call centres for discussion. Such tools and programmes are not limited to information about Danone SN Indonesia products, but also include easy-to-read dietary and nutritional guidance.



INFORMASI NILAI GIZI		INFORMASI NILAI GIZI	
<p>Takaran saji 30 g Jumlah sajian per kemasan : x 4</p> <p><b>JUMLAH PER SAJIAN</b> Energi total: 160 kkal Energi dari lemak: 40 kkal</p>		<p>Vitamin B1 (Tiamin) 15 % Vitamin B2 (Riboflavin) 25 % Vitamin B3 (Niasin) 15 % Vitamin B5 (Asam Panthotemat) 20 % Vitamin B6 (Pridoksan) 15 % Vitamin B9 (Asam Folat) 10 % Vitamin B12 (Kobalamin) 25 % Kalsium 50 % Besi 50 % Kalium 25 % Fosfor 20 % Magnesium 6 % Zat besi 20 % Zinc 25 %</p>	
<p><b>LEMAK</b></p> <p>Lemak Total 4,5 g 7 % Lemak jenuh 2,0 g 4 % Lemak Trans 0 g 0 % Kolesterol 10 mg 2 % Omega 3 (Asam Lemak) 0,35 mg 0,7 % Omega 6 (Asam Lemak) 0,35 mg 0,7 %</p> <p><b>PROTEIN</b> 5 g 8 % Karbohidrat Total 26 g 8 % Serat Pangan 1 g 4 % Inulin 1 g 1 % Total Gula 14 g 14 % Laktosa 10 g 10 % Sukrosa 3 g 3 %</p> <p><b>MINERAL</b> Natrium 100 mg 7 % Kalium 300 mg 7 % Vitamin A 40 % Vitamin C 25 % Vitamin D3 30 % Vitamin E 25 %</p>		<p>*Persen AKG berdasarkan kebutuhan energi 2100 kkal. Kebutuhan energi anda mungkin lebih tinggi atau lebih rendah.</p> <p>Per sajian mengandung : Susu 7,0 mg</p> <p><b>Asam Amino Esensial</b> - Isoleusin 262 mg - Leusin 456 mg - Lisin 403 mg - Fenilalanin 196 mg - Treonin 247 mg - Triptofan 90 mg</p>	
<p>*Mencocok kepada Informasi Nilai Gizi SGM Eksplor 3Plus Vanila</p>			

Danone SN Indonesia always maintains to comply with the labelling regulations and along 2017-2018, there were no incidents of non-compliance concerning product information labelling.

## Marketing Communication

As pioneers in the early life nutrition industry, we have an important role in driving and initiating change including responsible marketing practices. For example is that we support WHO's international recommendations on public health and government policies that support exclusive breastfeeding for the first six months and continued breastfeeding for up to two years or more, together with the introduction of appropriate complementary foods.

We believe it is the duty of the industry to adopt, introduce and enforce strict policies to ensure that marketing practices do not adversely affect mothers' preference and ability to optimally breastfeed their children, in accordance with the Breast-Milk Substitutes International Marketing Code of the WHO. We are committed to promoting a positive, constructive and evidence-based conversation that promotes breastfeeding worldwide and embraces the values of accountability, transparency, and honesty in our advocacy activities.

In terms of nutritional content and health benefits, we always pay attention to the consistency of advertising messages with the reality of the product. For marketing practices, we comply with

every applicable regulation in Indonesia. Therefore, we have never promoted products intended for children under 1 year to the general public as stated by Indonesian law (Law No.36 year 2009 concerning health, Government regulation no. 33 year 2012 on giving exclusive breast milk, and Law no.39 year 2013 concerning infant formula milk and other baby products).



We do this because we believe that breast milk is the best for new-borns. We are also promoting this responsible marketing practice to stakeholders in the Health Service System, such as Health Workers, Health Care Facilities and Organizations in the Health Sector. We also ensure that Danone SN Indonesia business partners, such as distributors, vendors, and customers have

the same responsibility in marketing practices in accordance with applicable regulations through socialization or training.

During the reporting year, we did not have any cases of non-compliance with any marketing rules and laws, including advertising, promotions, and sponsorships.

## SDG COMPASS

The United Nations has set 17 Sustainable Development Goals for 2030. Danone SN Indonesia through its several activities has contributed to the achievement of the Sustainable Development Goals as follows:

- 1. One Planet One Health
- 2. Research and Innovation
- 3. Our People
- 4. Providing Sustainable Nutrition through Value Chain
- 5. Nature and Environment
- 6. Socioeconomic Empowerment
- 7. Compliance



# GRI INDEX

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**Economy**

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GRI 306: Effluents and Waste	306-1	Water discharge by quality and destination	66	
	306-2	Waste by type and disposal method	67-69	Waste treatment data is currently unavailable. The data will be calculated and disclosed in the next reporting.
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GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	42	The data was the combination of employee and governance bodies data. The governance bodies data will be disclosed separately in the next reporting.
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GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	58	
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FP-Product and Service Labelling		Communication policies and practices for consumers regarding nutritional ingredients and information outside of legal requirements	94-97	





*"No child should be left  
behind in Indonesia."*