

Communication on Progress Report

Name of the participating company/organization: Danone Serdica AD

Country: Bulgaria

Sector: food

Reported period: year 2006

For DANONE, sustainable development is an integral part of its strategy. Sustainability is rooted in the Group history through its dual commitment to business performance and social progress. As a part of Danone Group Danone Serdica in Bulgaria fully supports and works to keep the 10th principles of Global compact. Over the years, DANONE has defined its principles and policies such as: Fundamental Social Principles, Business Conduct Policies, Charter for the environment, Food Nutrition and Health Charter and Groupe DANONE Groundwater Resources Protection Policy. Via DANONE Way programme we are translating principles into practice.

DANONE Way is a cross-functional program aiming at long-term progress. It calls on business units to conduct a self-assessment onto practices regarding all areas of corporate responsibility. DANONE Way provides to the Group business units a basis for action plans regarding various fields: human resources policies (compensation, training for employees), quality (animation of quality policies, matching consumer expectations), purchase (management of relationship with our suppliers), environment (animation of environmental politics, focusing on packaging issue). Danone Serdica applies the principles via different actions and programmes in Bulgaria.

Emil Gotchev
Country Manager

Principle 1: Business should support and respect the protection of internationally proclaimed human rights

Principle 2: Business should ensure that they are not complicit in human right abuses

- Respecting fundamental social and human principles is the first practice listed under the Employees theme of the DANONE Way program.
- Subsidiaries like Danone Serdica controlled and managed by Danone Group implement six-point human resource policy, which is also an integral part of the DANONE Way program.
- Since 2004 Danone Serdica actively participated in programme focusing on social integration of kids from orphanage in Gutzal via special stage for the kids 18 y.o. leaving the orphanage

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: Business should support the elimination of all forms of forced and compulsory labour

Principle 5: Business should support the effective abolition of child labour

Principle 6: Business should support the elimination of discrimination in respect of employment and occupation

These principles, based on International Labor Organization conventions, define minimum standards for DANONE business units, business partners and suppliers:

- Prohibition of child labor
- Prohibition of forced labor
- Prohibition of all forms of discrimination
- Freedom of association and the right to collective bargaining
- Protection of the physical integrity of employees in the workplace
- Application of national law on working hours
- Application of national law on minimum wages.

Danone Group has agreement with UITA/ international union of food workers/ and Danone Serdica strictly keep and apply all the standards.

In Danone Bulgaria all the employees have the right to associate in a different organizations.

- There is syndicate of employees with 101 members and for 2006 there is signed collective labor contract.
- Regular meetings with Management of the company was set up in 2006.

- Once per year meeting in Geneva, for the international conference of UITA.

Danone Serdica strictly apply all the regulations in Bulgarian Labor Codex which means effectively applying all the procedures concerning recruitment, development and retaining people without any discrimination.

- There is special recruitment policy and procedure applied by Danone Bulgaria
- Regular updating of job description if each employee.
- Hiris programe implemented concerning the career path and development of people

Principle 7: Business should support a precautionary approach to environmental challenges

Since its first initiatives in the 1970's like, for example, the Clean holidays operation, up to the Charter for the protection of the environment in 1996, Groupe DANONE has continually acted in favour of the environment. Danone Serdica is the first company in dairy business in Bulgaria receiving certificate ISO 14 001 for protection of environment.

There is official company declaration and politic for environment

See attached document



Quality and Environmental Policy BG.jpg



Environmental KPIs monitoring (Plant, Logistic)

Total waste per p.u. – decreasing compared to 2005.

Recovery rate – improved

Principle 8: Business should undertake initiatives to promote greater environmental responsibility

Danone Serdica is among the founders and active member of Ecopack Bulgaria/ PACKAGING RECOVERY ORGANIZATION/.

In 2006 several actions has been taken in order to reduce the weight of packaging, which leads to small quantity of plastics.

In 2006 Danone Serdica actively participated in the action organized by Toner direct to collect the used toners and after to plant threes.

Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies

Energy savings project

Short term actions in 2006

Better organization of the production processes in the plant through

- improvement of efficiency of the working schedule (e.g. maximal efficient working time)
- clear indicators that should be monitored and actions to be taken if not respected (e.g. daily control and insist on respecting them)
- communication of the indicators to the responsible people and to be clear that these indicators are important and o.s. cares about them (at daily factory meetings)
- weekly status at the factory meeting with proposed corrective actions
- a procedure to be developed
- to finish with the monitoring devices
- optimal loading of the plant facilities
- lost of compressed air

Based on the implemented actions good results have been achieved, but it could be event more

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Danone Serdica applies strict Business conduct policy of Danone Groupe which principles are included in every labour contracts.
Each employee receives special brochure with policy.

Contact person: Tsvetelina Georgieva, Communications Manager

Contact information: Sofia, 1330 Ohridsko ezero 3, Danone Serdica

Date of submission: 20.12.2006