

FOREST ANNUAL UPDATE 2023



JULY 2024

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INTRODUCTION TO DANONE COMMITMENTS



“Forests and land-based ecosystems are crucial for sustaining life on Earth”

Welcome to the **Forest Update Annual Report for Danone**, highlighting the progress made in 2023 in fighting deforestation and conversion. This report provides an overview of the initiatives undertaken and the advancements achieved in our commitment to preserving forests and natural ecosystems.

Forests and land-based ecosystems are crucial for sustaining life on Earth, supporting livelihoods, preserving biodiversity, and mitigating climate change. However, the alarming trend of deforestation and land degradation over the past decades poses a significant threat. In 2021, the world lost 3.75 million hectares of vital tropical primary rainforests, equivalent to 10 football pitches disappearing every minute (WRI, 2023). Recognizing the urgent need to continue and amplify our efforts to protect and restore forests, Danone has made it a central element of our sustainability strategy.

Our **Renewed Forest Policy**, published in December 2022, solidifies our long-term dedication to combating deforestation and land conversion, not only within our supply chain but also across the entire sector. We understand the moral and business imperative of safeguarding these natural resources, as a global food business reliant on healthy ecosystems and thriving communities for sourcing our raw materials.

Collaboration lies at the core of our approach. We believe that to effectively address complex challenges and drive meaningful change, we must work together with others. Our commitments extend beyond our own operations to encompass our suppliers and manufacturers. By collaborating closely with them, we aim to drive action and report progress along the value chain. Our forest-positive vision drives us to forge new alliances, protect and restore land, and support the livelihoods of smallholders and local communities.

Recognizing the urgency of this challenge, Danone has collaborated with the **Science Based Targets initiative (SBTi)** to develop guidelines specifically for companies in the forest, land, and agriculture sector, known as the **FLAG** guidance. In 2022, Danone updated our reduction targets to align with 1.5°C pathways, making us one of the first two companies worldwide to set an SBTi-approved near-term **1.5°C FLAG** target against our 2020 baseline. This underscores our commitment to ambitious climate action and our determination to drive meaningful change within our industry. Besides, our SBTi target also includes a commitment to no deforestation and no conversion by 2025 with the same cut-off dates as Danone Forest Policy, aligning with our overall Forest strategy.

Moreover, we believe mainstreaming nature action into business and key economic sectors is essential to address nature loss and climate change together. For this reason, through one of our plant-based brands Alpro, Danone is taking part in the official **Science Based Targets for Nature (SBTN)** pilot group together with key food businesses and retailers, leading the way in preparing to set the first science-based targets for nature. This new SBTN will provide crucial guidance for companies to holistically assess and prioritize their environmental impacts, and prepare to set targets, beginning with freshwater and land, alongside climate through the SBTi (above).

Danone's responsible sourcing approach is based on the Company's **Sustainability Principles** that cover labor rights, environmental protection (including preservation of resources, and environmental management, hence covering forest-related commodities) and business ethics topics. In 2022, Danone updated its Sustainability Principles to its current form.

As of 2024, we have started to deploy the Sustainable Sourcing Policy, which will gradually replace the Sustainability Principles. The principles are systematically incorporated into a clause in our contracts with direct suppliers, committing them to align with our sustainability principles. Embedded into the Sustainable Sourcing Policy, Danone published its **Human Rights Policy** in 2022. This policy spells out Danone's commitments and expectations with regards to human rights.

Additionally, in 2022, Danone reframed its sustainability strategy, called “**Danone Impact Journey**”, externally published in Q1 2023. It is a blueprint for defining our sustainability priorities and our transformation ambition in our value chain – from farmers and their communities, through our brands, to consumers and their families. The Danone Impact Journey grounds our commitments as an **Société à Mission** and a growing **B Corp**, hardwiring impact into our business structure, management practices, and performance indicators. This ensures that we continue to transparently hold ourselves accountable for progress. It is articulated around three pillars: Health, Nature and People & Communities. The Renewed Forest Policy commitments are firmly embedded within the second and third pillar. Accordingly, the following KPI for Forest is set: Zero deforestation & conversion on key commodities by 2025.

As we embark on this journey, **we invite you to follow our progress as we make our ambitious vision on forest become a reality.** Together, we can make a significant difference in combating deforestation and conversion and securing a sustainable future.

DANONE RENEWED FOREST POLICY: COMMITMENTS & MONITORING APPROACH





Soy



Palm Oil



Paper and Board



Cocoa



Animal Feed

GENERAL COMMITMENTS & PRINCIPLES

The [Renewed Forest Policy](#) contains specific targets and timelines for five priority commodities: **soy, palm oil, paper and board, cocoa, and animal feed**. We will address all forms of deforestation and land conversion, regardless of it occurring legally or illegally in production regions, in accordance with the definitions agreed within the Accountability Framework initiative.

The Renewed Forest Policy also sets out the following three core pillars:

Clean Supply Chain by 2025	Our direct supply chains will be verified deforestation- and conversion-free as defined by the Accountability Framework initiative (AFi) with a cut-off date of December 31 st , 2020, at the latest, unless a more specific agreement is specified that is in line with our Policy.
Responsible Suppliers by 2025	We will have cascaded DCF commitments in line with our cut-off dates through our direct supply chain.
Regeneration by 2030	We will be supporting landscape projects that protect and restore vital ecosystems.

These concepts are defined in the annex of this report, see Appendix A: Terminology.

Danone pledges to go further to establish a monitoring, reporting, and verification system, with publicly available indicators of progress, grievances, and steps taken to correct non-conformities.

Timelines reflected in our Renewed Forest Policy are aligned with our wider commitments made within the Consumer Goods Forum Forest Positive Coalition, but also with the latest legislation including EU Deforestation free products Regulation that was passed in April 2023.

Our strategy targets five key materials linked to deforestation and land conversion, based on stakeholder consultation and evidence from the WWF Risky Business report and EU deforestation-free products legislation.

All raw materials, not just those in our Renewed Forest Policy, fall under our Sustainable Sourcing Policy. Our commitment applies to Danone Group, including operations, third-party manufacturers, and relevant supply chains.

VERIFIED DEFORESTATION AND CONVERSION FREE METHODOLOGY

In collaboration with an external commodities consultancy (3Keel), Danone enhanced its annual traceability process for our forest commodities in 2023 allowing us to have a credible third-party verification process. This involved improvements to track, monitor, and verify the volume, origin, certification status, and associated deforestation and conversion risks related to the commodities supplied to Danone. Furthermore, to meet the required standards outlined in the Renewed Forest Policy, Danone requests all direct suppliers to provide comprehensive data disclosure, including the volume of commodities supplied, associated certification status, origin of the commodity with traceability data to country and sub-national region.

Based on the data collection, we are able to assess our environmental performance (DCF) status aligning with the following methodology:

PATHWAY 1

Segregated certification that provides full DCF assurance, supported by evidence

PATHWAY 2

Origin from Low-Risk country with full traceability, supported by evidence

PATHWAY 3

Satellite monitoring with farm-level geolocation data

In 2023, Danone initiated, with the help of external partners, the implementation of Satellite monitoring within our Supply Chains. The objective is to determine the DCF (deforestation and conversion-free) status of the remaining volumes that couldn't be verified through another pathway. We will be able to monitor the production units to ensure that those volumes are not linked to deforestation.

SOY (DIRECT SOURCING)

Soybeans are the most efficient source of protein per hectare in the world. From soy milk to tofu, soybean production is a key part of our global food system which many depend on. One of Danone's brands using soy is Alpro: converting everyone's minds and mouths to the wonders of plant-based. Since 2020, 100% of the soybeans used in Alpro's dairy alternative products are traceable to farm, with all soybeans sourced for our Alpro brand being ProTerra Segregated certified.

Our commitments regarding soy are:

- 1** 100% of direct soybeans traceable to trader and sub-national region by 2023
- 2** Farm-level traceability for all direct soybeans by 2025 in high-risk regions for deforestation and conversion
- 3** Top five direct soybeans suppliers will match our commitments by 2025





CLEAN SUPPLY CHAIN

In 2023, Danone reinforced its traceability campaign for soy (*see Appendix B*). 2023 data collection indicates that Danone sourced 53,170 tonnes of soybeans directly :

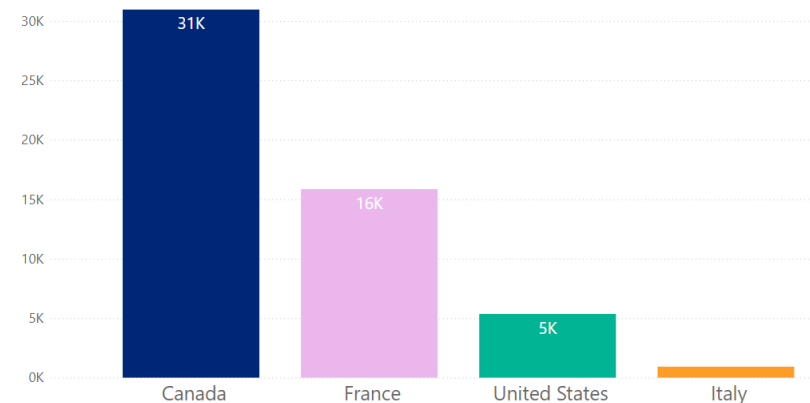
- 80% is ProTerra Segregated- and traceable back to farm;
- 20% is non-GMO Project verified or organic certifications;
- 40% of soybeans used by Alpro are grown in Europe (France or Italy), and the remaining 60% come from Canada. 100% of Alpro soybeans are ProTerra Segregated certified, of which 6% are also organic certified;
- Soybeans used by Danone North America are grown in the United States and in Canada; 40% is certified organic and 60% is non-GMO Project Verified.

100% is verified DCF, as all soybeans come from areas with no or negligible risk of deforestation and conversion.

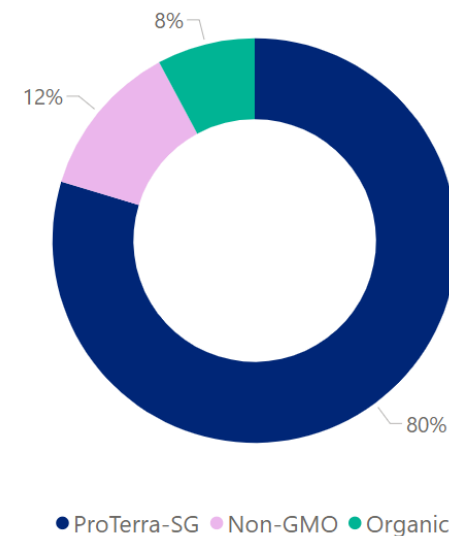
To maintain our DCF status for soy, we plan on strengthening the engagement with suppliers on deforestation and conversion free topics but also on traceability. Danone will continue to reinforce its supply chain performance review in 2024 and beyond 2024 to maintain a high level of transparency from our suppliers. In 2023 we also initiated a partnership with satellite monitoring providers. Verifying by satellite will be one of the other possible pathway we'd like to explore for 2024 when traceability to plantation is provided and when a risk is being identified.

In 2023, Danone also estimated its soy production footprint at 25.713 hectares using the CGF-FPC methodology (*see Appendix B*) for all direct consumption volumes of soy.

COUNTRIES OF ORIGIN



CERTIFICATIONS





RESPONSIBLE SUPPLIERS

Danone is strongly committed to responsible sourcing and traceability, particularly in low or negligible deforestation and conversion (DCF) areas. We rely on physical certifications, notably Proterra certification, to ensure the sustainability of our supply chain. To assess our commitments, a third-party verification system was implemented in 2022.

In 2023 and 2024, we improved our traceability campaign, engaging with our suppliers and requesting participation from all our Tier 1 suppliers (13 in total). This campaign aimed to gather information on the volumes sourced in 2023 and the policies and commitments in place. We received a **93% response rate for soybeans**.

Our cut-off date for deforestation and land conversion is set at December 31, 2020, unless national laws or sector agreements establish an earlier date. For Proterra-certified soybeans, the cut-off date aligns with Proterra's standard, set in 2008.

In 2023, 40% of our top five soy suppliers had their own forest policy and aligned on a 2020 cut-off date like Danone.





REGENERATION & COALITION

Danone is committed to supporting landscape projects by 2030 that protect and restore vital ecosystems previously impacted by deforestation or land conversion. Our focus is on strengthening farmer livelihoods where relevant. In line with our Danone Forest Policy commitment and the [Danone Regenerative Agriculture framework](#), we develop and support **on-farm pilot projects that help soybean smallholders improve their agricultural practices and reduce deforestation in their ecosystems.**

Two notable pilot projects were underway in 2023:

In April 2022, during soybean growing season, **Danone North America** launched a pilot project to support Danone local dairy farm network to grow food grade soybeans. This project has been launched with one key soybean Tier 1 supplier in NORAM and has been further developed in 2023, engaging 5 different growers (Tier 2 suppliers). Total acres covered by the project represents **~4% of NORAM soybeans volumes** (vs <1% in 2022). The goal is to use this as a pilot to prove viability of the model to farmers by collecting data through Eco Practice. The overall strategy for this program is to provide traceability from the soybean seed to Silk Soy brand, and by having this traceability, keep incorporating traceable Reg. Ag. practices in 2024 and years to come.

Soil4Good project in Alsace Region, France. In 2023, Danone has continued the design of the project 'Soil4Good' which aim to engage 200 farmers in Alsace region on soy regenerative agriculture practices, along with local stakeholders of our sourcing ecosystem. Danone, via its brand Alpro and Danone Ecosystem Fund, is partnering with 2 soybeans Tier 1 suppliers, local service providers and also external funders. The main objective is to equip the farmers to anticipate future risks linked to climate change by improving their farm resilience. The program will demonstrate positive impact on Soil health and Water quality.





PALM OIL

Palm oil is the most efficient oil crop per hectare, widely used due to its neutral flavour and ability to extend product shelf life, reducing food waste. Indonesia and Malaysia produce over 80% of palm oil, with significant growth since the 2000s. Production is concentrated in tropical regions near the equator. The Roundtable for Sustainable Palm Oil (RSPO) promotes responsible production, with around 40% of producers being members.

Our commitments regarding palm oil are:

- 1** 100% RSPO Segregated or Independent Smallholder Credits for all our palm oil use by 2025;
- 2** 100% traceability of palm oil to plantation by 2023;
- 3** Top five direct suppliers will match our commitments by 2025.



CLEAN SUPPLY CHAIN

Certification

In 2023, Danone purchased **61 ktons** of palm oil and palm oil fractions worldwide. On full-year basis Danone sourced **95% RSPO Segregated** (which is DCF) **and 3% RSPO Mass Balance**, totalling **98% RSPO certified volumes**. The remaining 2% was conventional palm oil sourced in and used in Africa.

We have been working with our local teams to decrease the percentage of remaining conventional palm oil sourcing (by 1%). The conventional palm is sourced from and used locally in products for Ghana and Nigeria. During 2023 we made significant progress in closing the remaining non-RSPO volumes for Danone. This was primarily driven by securing our upstream supply chains against ongoing external factors causing volatility across the supply base.

In 2023, **Danone reached 95% verified DCF volumes** (from RSPO SG)

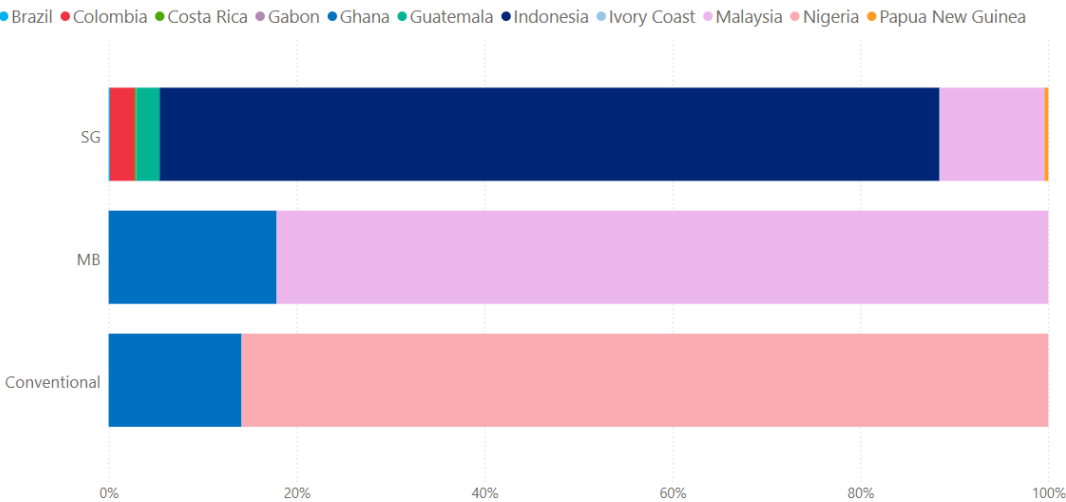
	TOTAL VOLUMES (t)		CONVENTIONAL (t)		RSPO MB (t)		RSPO SG (t)	
CPO	41.151	67%	1.030				40.121	
PKO	1.058	2%			732		326	
Fractionated products	18.992	31%			1.284		17.708	
Total	61.202		1.030	2%	2.016	3%	58.155	95%

Achieving 100% verified DCF Palm oil is one of the key pillars of our Forest Policy. We are confident to reach the target, as we will keep engaging in 2024 on the following levels:

1. Working with our local teams especially in Africa to ensure Danone facilities are certified and able to claim MB.;
2. Prioritizing non-compliant suppliers in our supplier engagement roadmap to ensure accelerated compliance with Danone Forest Policy requirements especially in collecting traceability up to plantation;
3. Deploying satellite verification to monitor the risk in sourcing areas.

In 2023, Danone strengthened its partnership with Satellite monitoring providers. This new process will enable us to assess the DCF status of our remaining 5% that are not RSPO Segregated certified. Based on H1 2024, we already see positive results that will be captured in 2024 data collection.

BREAKDOWN OF OUR CERTIFIED VOLUMES BY COUNTRY OF ORIGIN





Traceability

Since 2014, Earthworm Foundation supports Danone on palm traceability through a supplier questionnaire (*see Appendix B*). Twice a year, Danone connects with Tier 1 suppliers (10 in total in 2023) to confirm previous semester volumes. Full-year 2023 results show we have **100% Traceability To Mill, 99% Traceability To Plantation**. Recognising that transparency is important to making tangible progress on responsible palm oil, we publish our [Mill & Plantation List](#) each semester on Danone website

Palm Footprint

In 2023, Danone also estimated its **palm production footprint** at 13.266 hectares using the CGF-FPC methodology (*see Appendix B*) for all direct consumption volumes of palm.

RESPONSIBLE SUPPLIERS

We will support our suppliers in the following ways:

- 1) Encourage them to set their own commitments against deforestation and conversion across their entire commodity operation.
- 2) Assist them in developing public timebound action plans.

For palm oil, we commit to have our top five direct suppliers match our commitments by 2025, including traceability to plantation. To achieve this, Danone will increase engagement with suppliers and stakeholders to raise awareness about the importance of traceability and its positive impact on ecosystems.

Furthermore, in 2023, Danone continued to reinforce its Sustainable Sourcing commitments and expectations with its suppliers, emphasizing critical criteria including but not limited to: UN International Labour Organization principles, securing Free Prior and Informed consent (FPIC) of indigenous peoples and local communities and securing 100% verified Deforestation and conversion free palm supply chains. Within our Forest Policy, Danone mandates Suppliers to set their own DCF commitments across their entire operations, and we support them to develop public time-bound action plans.



Grievance Process

Danone's palm suppliers are aware of our commitment to grievance management, as described in our [grievance mechanism](#). When allegations of noncompliance against producers arise, Danone carries out an investigation with support from internal and external experts, and in particular Earthworm Foundation and Tier 1 suppliers. For all non-conformities, we ask our Tier 1 supplier and their suppliers to develop an action plan to resolve it. For high-risk non-conformities, we also assess if a stronger action like suspension of the producer could help to demonstrate progress quicker. A suspension holds until the producer can demonstrate concrete progress in DCF commitments. We communicate findings and suspensions to our suppliers. The cases are monitored in our monthly meetings and followed up with Tier 1 suppliers in regular Grievance meetings.

In 2023, Danone registered 11 new alerts linked to deforestation and human rights violations, ten of which were related to palm oil and one to other commodities. In total, the Group is monitoring 22 alerts that have been brought to its attention by organizations such as the Earthworm Foundation, Chain Reaction Research, Global Witness and Friends of the Earth. In line with Danone's grievance mechanism, the alerts are being investigated and monitored in dialogue with the parties involved and the supporting NGOs and experts. Four of the cases have a suspension put in place by Danone meaning Danone decided to issue a suspension for participation in Danone's supply chain due to noncompliance or grievances brought to its attention. In 2023, Danone decided to lift one suspension as the (indirect) supplier showed appropriate remediation plans for noncompliance. Danone will continue to monitor the situation closely.





REGENERATION & COALITION

By 2030, we commit to supporting landscape projects that protect and restore vital ecosystems in areas that have been previously impacted by deforestation or land conversion, with a focus on strengthening farmer livelihoods. Furthermore, Danone is working with other palm oil users to promote strengthening their groupwide commitments and actions to become 'responsible suppliers'. Accordingly, we are a member of the CGF Forest Positive Coalition (as a steerco member and palm working group).

Danone has chosen to prioritize its direct support to smallholders, for example by investing in landscape projects in high-risk deforestation regions. In 2023, over 8.000 farmers were engaged through two notable landscape projects:

- Siak Pelalawan Landscape Programme (SPLP)
- Livelihoods Fund for Family Farming (L3F) Indonesian Landscape Program

Danone has been a Supporter of the Landscape project called **Siak Pelalawan Landscape Programme (SPLP)** since it was launched in 2019 in **Indonesia**. Members are Cargill, PepsiCo, Musim Mas, Unilever, Nestle and L'Oreal, and Supporters are Danone and Sinar Mas. Danone's commitment is on Goal 2: by 2025, for at least 50 high priority villages in Siak and Pelalawan, the livelihoods of palm oil farmers and their communities has improved. Progress is monitored at least annually.

Among the 2023 results of Goal 2: 11 new villages were part of participatory mapping accumulating to 39 villages since the start of the programme, 7,372 people were trained on sustainable land use (Good Agricultural Practices, Peatland management, Participatory land use planning), and 583 people were supported to get access to incentives through improved knowledge on business permits (STD-B) and land titles.

Since 2021, Danone has worked with the **Livelihoods Fund for Family Farming (L3F)**, Mars Inc, L'Oréal, Musim Mas, SNV and ICRAF to design and launch a Landscape project in **North Sumatra/Indonesia** that demonstrates that a transparent and biodiverse palm oil supply chain model is doable for independent smallholders. By on-site training and technical assistance of local farmers and communities, the project aims to prevent deforestation & conversion, implement Regenerative agriculture practices, for which agri. inputs will be provided, and increase income at the same time. Field activity continued in 2023.

In 2023, 891 farmers (32% females) were fully enrolled in the program & received Starter Packages to support them in applying Regenerative Agriculture practices on their own farms. It is composed of cover crops seedlings, tunera seedlings & barn owl nests (for IDPM), bio-inputs, compost, and equipment to produce home-based compost.

600 smallholders have been trained on financial literacy and Regenerative Agriculture, and palm-based agroforestry demonstration plots have been established in 7 villages. In 7 villages nurseries have been established to support the adoption of oil palm diversification at farm level. A composting unit has been established under the operation of the Smallholders' Association to produce on an industrial scale cheap organic fertilizers for more than 1,000 farmers. Project deliverables are monitored at least every 6 months.

🔍 LANDSCAPE DEFINITION

ALIGNING ON A COMMON APPROACH

Landscape approaches involve the long-term collaboration of stakeholders within a defined natural or social geography, such as a watershed, biome, jurisdiction, or company sourcing area. These approaches seek to reconcile competing social, economic, and environmental goals via integrated landscape management and multi-stakeholder discussions through which consensus is built across different stakeholders

from TFA, WWF, Proforest 2020, and CDP 2022



from Proforest

OUR GOLDEN RULES OF A LANDSCAPE APPROACH

A Landscape:

- Is **Anchored** in a geography
- **Assess to prioritize** areas for engagement (EG. Threatened natural ecosystems)
- Identifies **systemic risks** in the landscape
- Is with **multistakeholder governance**, with presence of **credible partners in the landscape** (Ngo or service provider ; local government possibly)
- Sets **common goals**, vision and monitor actions & progress
 - Projects need to have a **permanent outcome** (anchored in local communities' lives)
 - Should have **Environmental, Social and Economical** objectives
- Is **part of the supply chain of our material commodity** (ie. Linked to sourcing areas)

Q LANDSCAPE METHODOLOGY

OUR METHODOLOGY FOR PRIORISATION

In 2023, Danone has been collaborating with different stakeholders including the Forest Positive Coalition (FPC) members and partners, the NGO Earthworm Foundation or Livelihoods Fund to align on landscape definition and methodology but also to explore possible projects to join or launch.

For Danone, The Landscape approach must involve long-term collaboration of stakeholders within a defined geography that must be linked to our company's sourcing areas. These approaches seek to reconcile social, economic, and environmental goals via integrated landscape management and multi-stakeholder discussions through which consensus is built across different stakeholders (including credible local partners).

To prioritize production landscapes, we initially calculate Danone's production-based footprint, with support from 3keel (via FPC), enabling us to translate the volumes sourced for key forest-risk commodities into hectares for restoration, regeneration, or conservation. (for instance, for palm: 2023 volume equals to 13.266 hectares). This guides us in the prioritization of supply chains. We cross-check this information with the supply chain data gathered within our annual traceability exercise to confirm the top geographies where Danone has the most significant sourcing footprint (for instance Indonesia for Palm). For those priority locations, we aim at understanding the priority areas for engagement across the different pillars: social, economical and environmental with the support of credible and local partners.





PAPER & BOARD

Understanding the significant role the pulp and paper industry has played in tropical deforestation, it is crucial to ensure that timber plantation management does not come at the expense of forests, peatlands, and local populations. Danone's overarching strategy is to increase the utilization of recycled fibres to minimise the reliance on virgin fibres.

Our commitments regarding paper and board are:

- 1** 100% of supply FSC, PEFC or SFI (North America) certified or recycled by 2025;
- 2** Top five direct suppliers, by weight, will match our commitments by 2025;
- 3** 80% of secondary and tertiary packaging by weight contains recycled material by 2025;
- 4** Mill and plantation level sourcing for virgin fibre and risk assessment disclosure by 2024.



CLEAN SUPPLY CHAIN

Certification

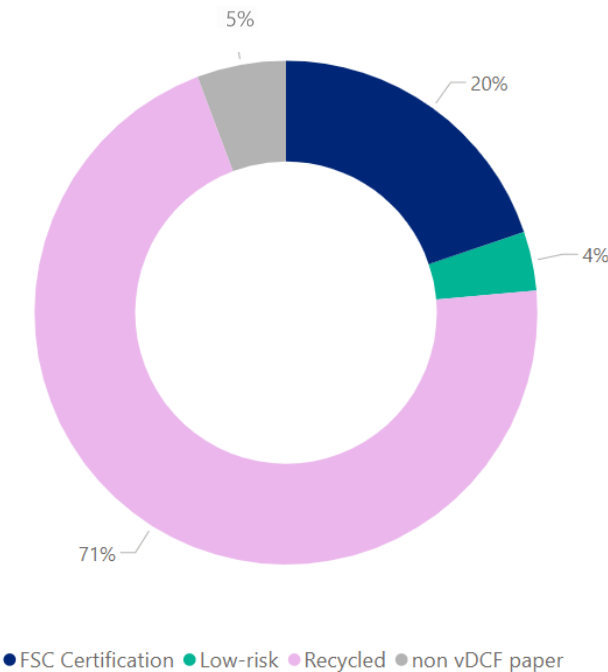
In 2023, Danone renewed its traceability campaign for paper (see Appendix B). All Tier 1 suppliers (118 in total) were asked to participate in our renewed Traceability campaign, requiring them to rely on their suppliers to provide traceability information on fibre origin. We also asked them to provide details of their Policies and commitments, to make the baseline of what is necessary to cascade DCF principles to the rest of the paper supply chain. In total, we had a **92% response rate** to the campaign (vs 77% in 2022), We reached **97% Traceability to mill for all paper sourced** (remaining 3% has traceability to country).

In 2023, Danone purchased **509 ktons of paper (for which 29% is virgin content and 71% is recycled)**. With increased traceability, Danone is able to conduct more in-depth risk assessment and verification of DCF. Danone aligns with the DCF methodology of CDP: the total volume of physically (CoC) certified paper, plus the remaining volume of paper assessed from the monitoring of the sourcing area that has no or negligible risk of deforestation or conversion (not from a Forest Risk country such as Argentina, Australia, Brazil, Indonesia, Mexico, Thailand).

In 2023, **Danone reached 95% verified DCF volumes** for full scope (recycled and virgin content)

In 2024, with the goal of achieving 100% verified deforestation-free commitment by 2025, our teams will collaborate with suppliers to prioritize recycling paper whenever possible. For the remaining virgin paper, we will give preference to Forest Stewardship Council (FSC) certified paper and enhance traceability for other volumes certified through alternative schemes, for our US suppliers for example. Additionally, in 2024 we plan to implement satellite monitoring in high-risk areas to ensure that our sourcing practices are not associated with deforestation.

In 2023, Danone reinforced its verification to assess the DCF status of our volumes. Indeed, regarding the certification pathway, Danone’s preference is set on FSC as it is the most robust certification and reflects a negligible risk of deforestation. The PEFC and SFI (only for NORAM) certifications give a first guarantee in terms of Forest Management good practices and verification. If Suppliers are providing volumes certified as PEFC or SFI, we are asking additional information to our suppliers on their traceability system and disclosure on their sourcing area to consider them as Low-risk volumes.





CLEAN SUPPLY CHAIN

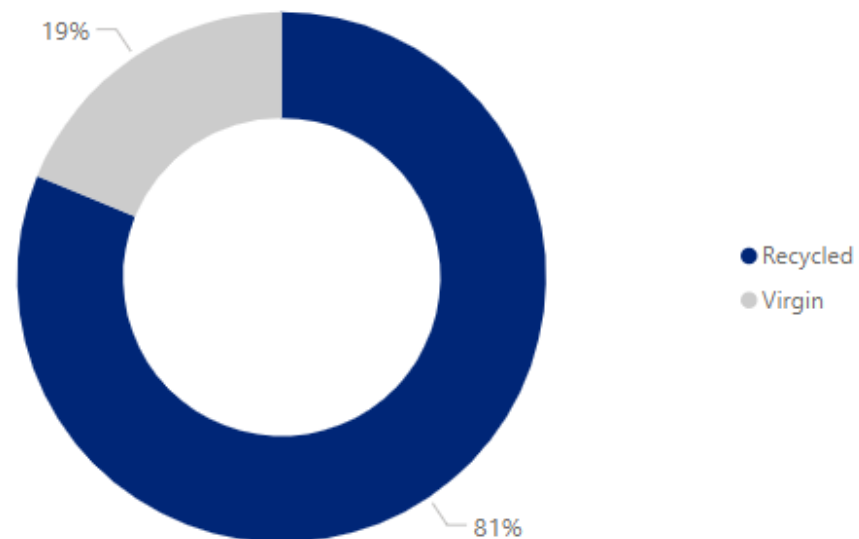
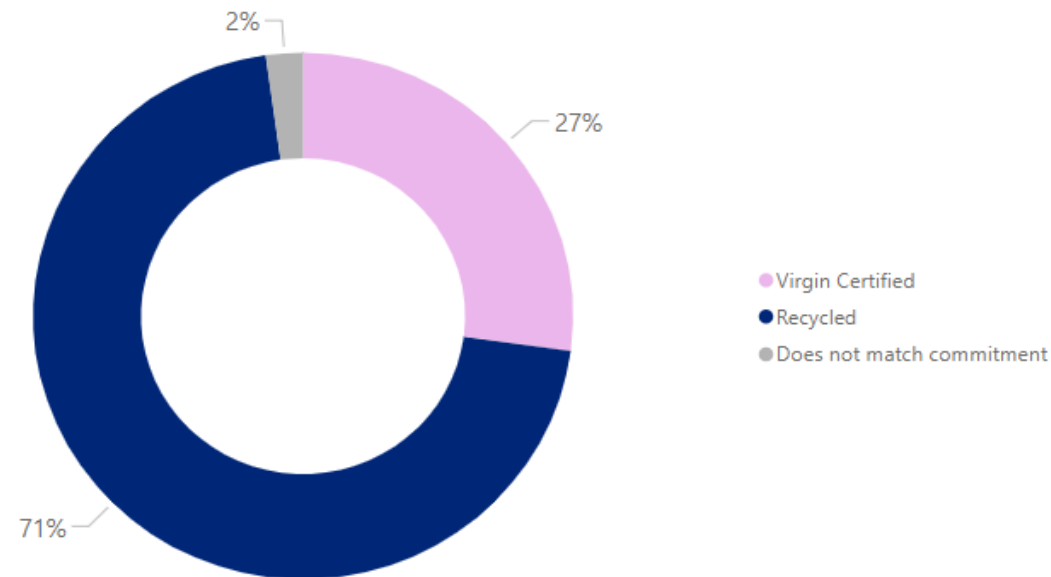
Commitments

100% of supply FSC, PEFC or SFI (North America) certified or recycled by 2025;

Our teams work intensively to increase the percentage of recycled content in our packaging and in 2023, on the 509 ktons Danone purchased, 71% was recycled (vs 68% in 2022). We also source 27% of certified virgin paper (representing 92% of our virgin sourcing). The split in certifications in 2023 is 72% FSC, 8% PEFC and 20% SFI.

80% of secondary and tertiary packaging by weight contains recycled material by 2025;

Our teams have been working on two objectives related to our secondary and tertiary packaging. Firstly, we recognize the importance of reducing paper usage in our packaging whenever feasible. Danone's teams have initiated a project to make our packaging lighter and minimize paper consumption. Secondly, we are actively transitioning as much volume as possible to recycled content. We have ongoing projects in the US and Europe dedicated to achieving this goal. While some of our packaging choices are constrained by food safety considerations, we have prioritized increasing the percentage of recycled content in our secondary and tertiary packaging. In 2023, we achieved an 81% share of recycled content, up from 76% in 2022.





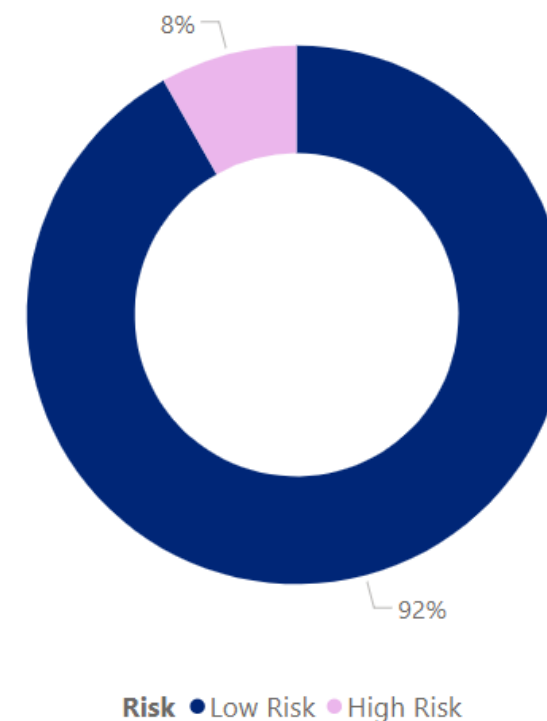
VIRGIN PAPER CERTIFICATION

	2021		2022		2023	
	metric tons	% vs total	metric tons	% vs total	metric tons	% vs total
FSC Chain of Custody (COC)	96,562		2,894		88,213	
FSC Forest Management certified (COC)	-		137,466		12,138	
FSC Controlled Wood (COC)	-		3,763		327	
Total FSC other (Controlled Wood, Forest Management, Mix)	32,773		-		181	
total FSC	129,335	79%	144,124	66%	100,859	68%
PEFC Chain of Custody (COC)	139		-		11,690	
PEFC Sustainable Forest Management Certification (COC)	53		15,138		39	
total PEFC	192	0%	15,138	7%	11,729	8%
SFI Chain of Custody (COC)	30,358		-		18,251	
SFI Fiber Sourcing certification (COC)	655		36,554		6,132	
SFI Forest Management certification (MB)	-		3,719		1,177	
total SFI	31,013	19%	40,273	19%	25,560	17%
Total Virgin with Chain of Custody	127,059	77%	195,815	90%	136,790	92%
Total Virgin certified	160,540	98%	199,534	92%	138,148	93%
Total Virgin not certified	3,924	2%	17,571	8%	11,257	7%
Total	164,464		217,105		149,405	

Traceability

Danone conducts an annual Traceability Campaign, asking suppliers to provide information on volumes, % recycled content, mill location, and certificate number (*see Appendix B*). 2023 data collection indicates that a total of 12k tons (8%) of our virgin content (149k tons) can be traced back to origin in 'Forest Risk Countries'. We rely on CDP's High-Risk countries to assess our breakdown (*see Appendix A*)

BREAKDOWN RISK COUNTRIES OF ORIGIN
(VIRGIN CONTENT)





PAPER AND BOARD (TONS) COMING FROM FOREST-RISK COUNTRIES
VIRGIN CONTENT

	Argentina	Brazil	India	Indonesia	Other	Total
% OF GLOBAL TOTAL	<0,1%	6,90%	0,30%	<0,1%	0,80%	8%
FSC Certified		100%				
PEFC Certified	100%			100%		

Paper And Board Footprint

In 2023, Danone also estimated its **paper production footprint** at 26.160 hectares using the CGF-FPC methodology (see Appendix B) for all direct consumption volumes of paper.

RESPONSIBLE SUPPLIERS

We are confident to reach our 2025 goals due to our ongoing efforts on Supplier engagement, as well as regulations coming into effect regarding Traceability.

In 2023, Danone onboarded our top 5 suppliers with whom we have discussed our Sustainable Sourcing commitments and expectations. These interactions focused on reinforcing the engagement towards our Forest Policy and SBTi 1.5-degree commitments. Within our Forest Policy, Danone requests suppliers to set their own DCF and Decarbonization commitments across their entire operations. By design, our policies require our suppliers to engage with their upstream supply chain, and we support them to develop public time-bound action plans so that they can effectively cascade the requirements to their suppliers.

On our top 5 suppliers, 100% set their own Forest policy with deforestation free targets and 60% committed to a SBTi 1.5-degree roadmap.

In order for our suppliers to comply with our definition of a Responsible Supplier, no deforestation or land conversion may have occurred since 1994 (FSC) or 2010 (PEFC). Globally, if no other agreement or law is in place, we require an absolute cut-off date for deforestation and land conversion of December 31st, 2020. In 2023, 40% of our top five paper suppliers aligned with Danone's cut-off date, while 40% established a target date, earlier than 2025, for 100% deforestation and conversion-free supply.

According to our updated traceability campaign (*see Appendix B*), in 2023, a **total of 118 suppliers have been engaged**. We had a **92% response rate** on our traceability campaign

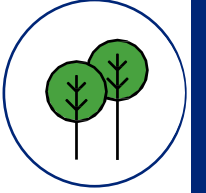


REGENERATION & COALITION

Danone collaborates with the supply chain on innovations to reduce forest-related impacts in products and services. Danone works with indirect suppliers by visiting production locations and developing innovation projects, i.e. to transition to green energy, improve paper properties enabling down gauge of paper, and find replacements for plastic.

Furthermore, As a member of the Forest Positive coalition (FPC), Danone endorsed the Consumer Goods Forum (CGF) and participates actively in achieving zero net deforestation in key commodity sectors by 2025 and in transitioning to forest positive (deforestation- and conversion-free) and taking a more integrated land use approach. In 2023, the CGF Forest Positive Coalition CEOs endorsed the Coalition's revised charter with a clear ambition to strengthen supplier deforestation and conversion free (DCF) performance with 3 main pillars: Clean Supply chain, Clean Suppliers, Regeneration.

Danone leverages the coalition's commodity roadmaps and supplier assessments, focusing on supply chain engagement, transparency & accountability. Danone is member of the steering group and 3 commodity (palm, soy, paper) working groups, where priority actions per commodity are being defined to maximize the impact of the coalitions. In 2023, each working group worked on the priority areas, that have been identified in 2022, to maximize the impact of the coalitions. The focus for the three commodities was developing an aligned DCF methodology and driving landscape project actions.



COCOA

Deforestation resulting from cocoa sourcing is a significant issue. Between 2002 and 2019, Côte d'Ivoire and Ghana experienced significant forest loss, with 25% and 8% of their primary forests being lost, respectively, largely due to cocoa farming (World Cocoa Foundation, 2023). Recognizing the gravity of this issue, Danone has prioritized cocoa as a new key commodity in its Forest Policy 2022. This report represents a milestone as it marks the first time Danone shares its progress in sustainable cocoa sourcing.

Our commitments regarding cocoa are:

- 1** 100% of cocoa verified deforestation- and conversion-free cocoa by 2025;
- 2** Third-party farm-level traceability for all forms of cocoa;
- 3** Top three direct suppliers will match our commitments by 2025.





CLEAN SUPPLY CHAIN

In 2023, Danone sourced a total of **8,195 tons of cocoa**. Of the total amount of cocoa sourced, **79.2% is certified** (see table below).

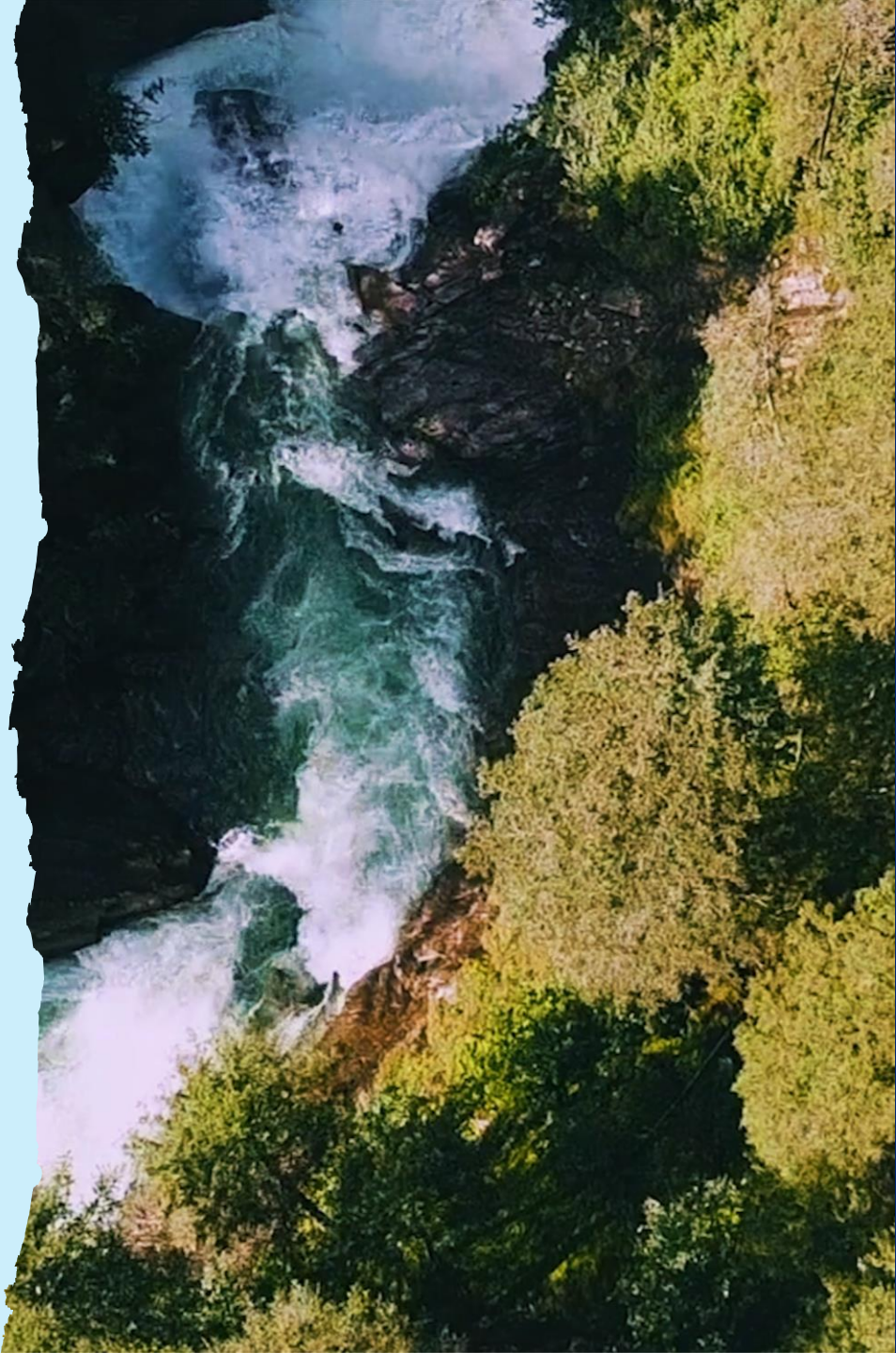
Versus 2022, we noted an increase in total volumes purchased and % certified volumes.

COCOA CERTIFICATION

	2022	2023
	% VS TOTAL	% VS TOTAL
Rainforest Alliance (formerly UTZ) Mass-Balance	74.2%	77.0%
Fair for Life and Organic	1.4%	2.2%
Noncertified or unknown	24.4%	20.8%

In 2023, Danone collaborated with sustainability experts 3Keel to enhance traceability efforts. A questionnaire was sent to cocoa suppliers to determine the extent of traceability to cocoa farms, suppliers' implementation of deforestation-free supply chain policies, and their transition plans. With improved tracking of cocoa origins, our focus now shifts to measuring the proportion of verified deforestation- and conversion-free (vDCF) cocoa. We have established that physical evidence of material flows from deforestation-free sources to Danone is required to achieve vDCF status, surpassing certification alone.

Regarding the origins of the cocoa sourced: in 2023, our volumes are sourced from mixed origin which includes Cameroon, Ghana, Ivory Coast, Ecuador, Indonesia, Dominican Republic, Peru, Sierra Leone, Uganda, Congo, Liberia, and Tanzania.





RESPONSIBLE SUPPLIERS

Specific requirements apply for cocoa: this includes a strict cut-off date, whereby no deforestation or land conversion should have occurred in Côte d'Ivoire or Ghana since 2018. Globally, in the absence of any other agreements or laws, no deforestation or land conversion should have taken place after December 31, 2020.

In 2023, we increased the pace and connected with our top 3 suppliers to share the Danone Forest Policy and Danone's commitment to the SBTi 1.5-degree roadmap. We worked on co-building a time-bound action plan with clear milestones and have identified several options being explored to reach a 30% reduction of CO₂ by 2030 and verified DCF cocoa. Based on 2023 data, we conclude that 2 out of 3 of our top cocoa suppliers have published their own Forest Policy and commitments.

Moving forward, we will collaborate closely with our Suppliers over the coming years to implement these action points, enabling us to meet our commitments for 2025 and ensure compliance with upcoming regulations including EUDR.

REGENERATION & COALITION

In 2022, we made effort to explore cross-sector initiatives aimed at preserving and expanding native vegetation and forests. Collaborating closely with our suppliers, we are actively assessing various initiatives and coalitions that Danone can support to make a significant contribution in protecting ecosystems and combatting deforestation and land conversion in cocoa-producing regions.

Furthermore, we reinforced our connection with certification organizations including **Rainforest Alliance** to help us finalize our roadmap.

In 2023 we explored how to collaborate with various supplier and coalition projects to preserve and expand native vegetation and forests.



ANIMAL FEED

The utilization of soy and palm in animal feed, whether in the form of meals or oils, constitutes a relatively small portion, generally less than 5%, of the overall animal feed mix. It is important to recognize that approximately 75% of the world's soy production is traded and utilized specifically within animal feed. Therefore, the significance of these commodities in the context of animal feed should not be underestimated or disregarded.

Our commitments regarding animal feed are:

- 1 100% mapping and risk assessment of animal feed by 2025;**
- 2 Working with farmers on local feed or alternative protein transition;**
- 3 Preferred commodity trader list for feed suppliers by 2023 and encourage milk producers to only buy feed from traders that meet commitments and/or with credible certification by 2025;**
- 4 Top 5 Dairy ingredients suppliers engaged within Sustainable Dairy Partnership (SDP) and meeting DCF goals by 2025.**





CLEAN SUPPLY CHAIN

Certification

Danone estimates that soy accounts for less than 5% of the feed consumed by the dairy cows in its supply chain. In order to identify the deforestation risks accurately, Danone has been conducting country by country assessment of soy feed volume and origin through its Cool Farm Tool. At the end of 2023, Danone has analyzed soy sourcing for 91% of its milk volumes.

The total soy-based products fed to cows is 262 ktons, of which 91% (240 ktons) were measured through data collection and 9% were quantified by extrapolation.

Of the 240 ktons 52% is from low-risk origin, 8% is certified, and the remaining 40% potentially at risk, of which 37% are compensated through RTRS book and claim credits. Another 22 ktons estimated volume are at risk; these are the countries that have not yet been mapped.

VIEW OF MEASURED SOY VOLUMES THROUGH COOL FARM TOOL

	2022	2023
Total indirect soy purchased (ktons)	343	262
Low-risk origin (%)	56%	52%
Certified (Mass balance or Area Mass balance) (%) (including Proterra, RTRS)	7%	8%
Compensated through RTRS book and claim credits (%)	29%	37%



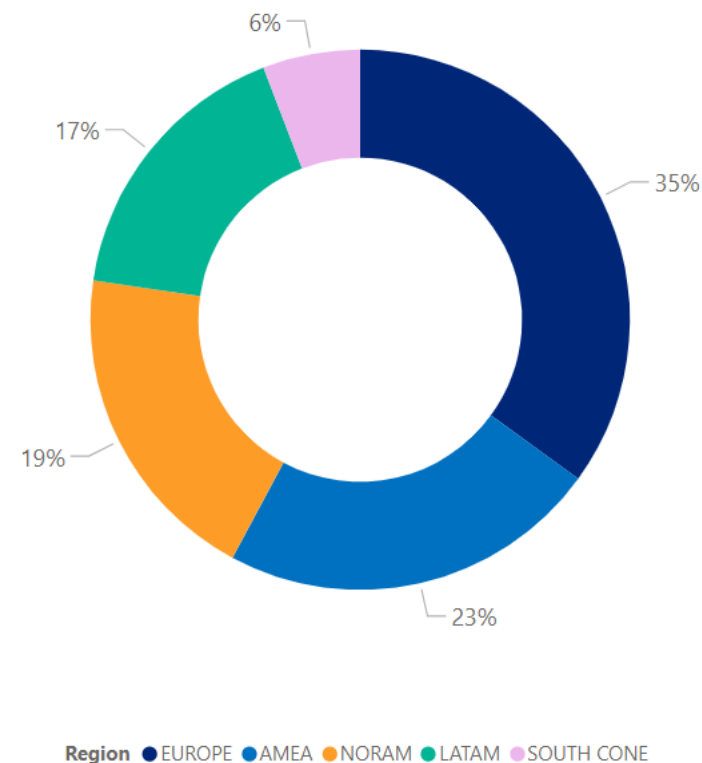
Traceability

In order to identify the deforestation risks in its fresh milk collection accurately, since 2017 Danone has been conducting country assessments* of soy feed volume through **Cool Farm Tool (CFT)** worldwide (15 countries) and **CAP2ER tool for France** and whether there is a risk of deforestation linked to certain origins. At the end of 2023, Danone analysed **soy sourcing for 91% of its milk volume** (compared to 91% last year). In 2023, Turkey has been included in the mapping exercise. The total soy-based feed (soybean meal, soy hull, soy concentrates) accounts for less than 5% of the feed consumed by the dairy cows in its supply chain which are mostly forage-fed (grass and silage) complemented by cereals (in total 85% of diet). In 2024, Danone continues the expansion of **soy feed mapping** through CFT assessments for the remaining 9% of milk volumes.

For indirect soy, Danone aims to co-develop local alternatives to soy or to Favor soy from low-risk areas (US or Europe). When soy is sourced from risky areas (Brazil, Argentina), traceability back to jurisdiction with evidence of DCF is required. To this end, Danone made a first assessment project in Brazil to review its whole Brazilian supply chain, highlighting the suppliers that can be at risk and taking action with tier-1 suppliers to transform the supply chain reducing the dependency with those suppliers at risk (non-compliant).

* Covered countries are Algeria, Argentina, Belgium, Brazil, Egypt, France, Germany, Mexico, Morocco, Poland, Romania, Russian Federation, South Africa, Spain, Turkey, Ukraine and the United States

REGIONS WHERE THE SOY IS BEING FED





RESPONSIBLE SUPPLIERS

Danone is actively engaged in the SAI Platform. In 2022, **Danone was chairing the Sustainable Dairy Partnership and was on the governance committee of the Dairy Working Group (DWG).** In 2021, the DWG started with performing an in-depth supply chain assessment, to understand the role and context of each supply chain actor. In 2022, this evolved to a deeper assessment, to understand problems at the source and to develop recommendations on how to transition to deforestation-free soy in animal feed in a phased approach of Verification, Engagement, Transparency and Transformation. The DWG agenda on Soy in 2023 was focused on how to move from assessment to action and scaling. This consisted of 2 major outlooks. Firstly, soy supply chain actor engagements from traders to European feed manufacturers to organize a large-scale pilot to bring DCF soy from Brazil to Europe. This was inspired by an earlier small pilot performed between one EU feed manufacturer and one EU dairy company with the aim of proving it could be scaled to an EU dairy approach. This should have culminated in 2023 in a workshop in Brazil bringing together parties in the supply web between Brazil soy farm to EU dairy farm in order to identify and break barriers. Secondly, the goal was to ensure the dairy industry is not working in silo. Therefore, the DWG started connecting with the CGF FPC on Soy. Multiple discussions have taken place on the potential of participating in the workshop and pilot and on previously built knowledge on the barriers to DCF soy supply chains.

To meet our DCF goals regarding animal feed, we have been working with our top 5 Dairy ingredients suppliers to engage within Sustainable Dairy Partnership. In 2023, 3 of our top 5 dairy ingredients suppliers completed foundational elements of SDP, including on deforestation.

Furthermore, we concentrated our efforts on creating our **preferred list of commodity traders for feed suppliers**, considering various criteria. These criteria include their commitment definitions, associated scope, and transparency regarding DCF progress. We actively encourage our milk producers to purchase feed only from traders who fulfill their commitments or hold credible certifications. This analysis allows us to assess the performance of our suppliers from which 27% meet our requirements and 46% meet them partially, we will continue engaging with those suppliers to increase their performance regarding the DCF approach.





REGENERATION & COALITION

Danone is dedicated to reducing dependence on imported soy and proactively mitigating the risk associated with sourcing soy from deforestation and conversion free areas. To achieve this, we have undertaken initiatives that focus on **promoting local soy alternatives for cow feeding**, aiming to support farmers in adopting regional sources of protein and improving their feeding practices.

One notable on-farm project, in **Romania**: Danone has implemented comprehensive measures to achieve **autonomy from imported soy across the entire country scope**. We have collaborated with local nutritionists to develop and incorporate alternative feed options such as sunflower and rapeseed cakes into the diet of cows. Simultaneously, we have facilitated the **development of local soy production and processing facilities**, ensuring a sustainable supply chain.

In another case, this time in Africa, **particularly Egypt**, Danone is **currently in the trial phase of cultivating soy locally**. The ultimate objective is to replace imported soy by utilizing a combination of locally grown soy in collaboration with farmers, along with our expertise and knowledge-sharing efforts. Additionally, we are actively involved in reformulating animal diets to minimize the overall requirement for soy, further reducing the need for imports.

Other projects to move our volumes to local and enhanced traceable soy projects are running in Algeria and Brazil. Finally, we have soy reduction programs running in Poland, France and Germany.





CATTLE (BEEF & MILK)

Danone recognizes the importance of addressing deforestation within its supply chain and extends this commitment to cattle, which encompasses both milk and beef production. With a firm goal of eradicating deforestation by 2025, Danone acknowledges the environmental impact of activities such as dairy products and aims to ensure that these practices do not compromise forests, peatlands, and the well-being of local communities.

By reporting on cattle-related deforestation, Danone aims to promote transparency, accountability, and responsible sourcing throughout its entire supply chain, demonstrating its dedication to sustainable practices across all aspects of its operations.



BEEF

In 2023, Danone took steps to improve traceability by sending a reinforced traceability questionnaire to its 3 beef suppliers. This initiative aimed not only to enhance traceability in the beef supply chain but also to gather information about the suppliers' commitments, policies, and certifications on Forest. As a result, this undertaking provided Danone with valuable insights into the practices employed by its beef suppliers to ensure sustainability and responsible sourcing.

In 2023, Danone sourced **1.002 tons of beef**, coming from Ireland, France and Spain.

Moreover, in 2023 the buying teams continued engaging with their suppliers on key concepts related to deforestation, by using traceability a questionnaire and interviews: due diligence regulation, and Danone Forest Policy requirements.

On the total amount of beef sourced, **76% is certified** using different schemes such as : Welfare, BRC, IFS, SMETA or Organic certified.

Beef Footprint

In 2023, Danone also estimated its **beef production footprint** at 4.020 hectares using the CGF-FPC methodology (see Appendix B) for all direct consumption volumes of beef.

COUNTRY OF ORIGIN	VOLUMES (T)	% VS TOTAL
Ireland	239	24%
France	302	30%
Spain	461	46%
Total	1.002	



MILK

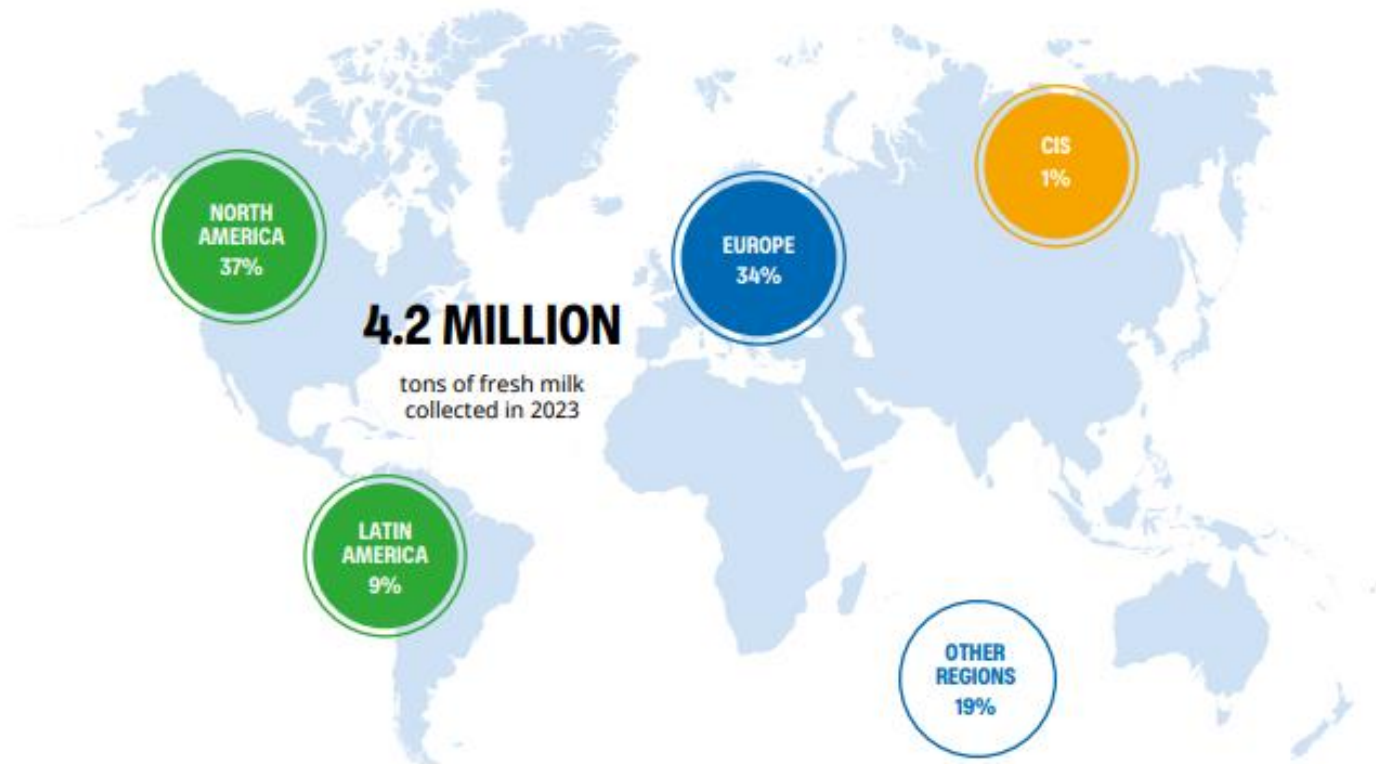
Clean Supply Chain

About 90% of the partner producers own small family farms with fewer than 25 cows and are located primarily in emerging countries in Africa and Latin America. These small farms supply about 14% of Danone's total milk volume.

Danone also works with larger family farms (with herds ranging from a 100 to thousands of cows), which represent about 1% of the Group's fresh milk suppliers and nearly 74% of milk volumes, the latter being generally collected directly by the Group.

Direct sourcing of fresh milk

BY GEOGRAPHIC AREA





Regeneration & Coalition

Danone supports dairy farmers by providing them with training and technical support to transform their practices while ensuring the viability of their business models. For example, the Farming for Generations (F4G) alliance, which was created in 2019 and in which Danone participates, identified 75 best practices and innovations across various dairy farming models, farm sizes and geographic areas. In total 2,600 farms have already taken notice of the practices and taken action. Danone will continue to scale up regenerative agriculture practices using findings from the F4G program. Through the Sustainable Dairy Partnership, the Group has continued to work for a more sustainable dairy industry by supporting the prevention of deforestation, the protection of human rights and animal welfare and compliance with local legislation. In addition to these collaborative actions, specific tools and methodologies have been deployed and monitored by Danone's Agriculture cycle including the one described on the right.

- **Cool Farm Tool and Cap2Er:** Since 2017, Danone has been conducting country-by-country assessments on its milk volumes using the Cool Farm Tool (CFT) worldwide and the CAP'2ER tool in France. The CFT was developed and is overseen by a multistakeholder coalition that includes food manufacturers, retailers, input suppliers, NGOs and universities. The tool's strength lies in its global application, it is designed for continuous improvement. In 2023, Danone used CFT (in 15 countries) and CAP'2ER (in France) to monitor the greenhouse gas footprint of the purchased milk, now covering in total 91% of direct milk collection volumes from farms. The rollout is planned for next years to include new geographies in Southeast Asia and India;
- In 2021, Danone Brazil launched the Flora Project to implement regenerative practices for different dairy production models, such as rotational grazing with tree shading, no-tillage, cover crops and manure management. The project started in 2021 with 22 hectares and in 2023 the Flora Project covered around 1,400 hectares with regenerative practices, contributing to the farms seeing improvements in soil health, biodiversity, feed autonomy and forage quality

APPENDIX A: TERMINOLOGY

Throughout the report, we make use of several abbreviations and terminology. Let's make sure everyone is on the same page!



Accountability Framework initiative (Afi)	<p>AFi is the framework we draw on for operational guidance, expert knowledge, technology, supplier commitments and credible certification to ensure raw materials we buy do not originate from that landscapes and communities affected by:</p> <ul style="list-style-type: none"> • Plantings on high carbon stock (HCS) forests or those with high conservation value (HCV); • Planting on peatland, grassland or wetland - Land clearing by burning or cutting; • Exploitation or other human/indigenous rights violations.
Area mass balance	Traders can purchase certified production credits directly from growers, while buying conventionally grown material on the spot market. These credits must originate from growers that operate in the same area from which the materials are sourced. The certificates from the purchase area are administratively connected to the delivery of materials from that area via a mass balance model.
CDP	CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.
CGF	Consumer Goods Forum.
Chain of custody	Documented sequence of production, transfer, and sale of commodities from origin to final point of sale.
Cut-off date	The date after which deforestation or conversion renders a given area or production unit non-compliant with no-deforestation or no-conversion commitments, respectively.
DCF	Deforestation- and conversion-free.
Conversion	“Change of a natural ecosystem to another land use or profound change in the natural ecosystem’s species composition, structure, or function” (Afi , 2023).
Deforestation	“The loss of natural forest as a result of: conversion to agriculture or other non-forest land use; conversion to a plantation; or severe or sustained degradation” (Afi , 2023).
Derivatives	Materials that are derived from core commodities following a manufacturing process to create a co-product that we use.

Forest Risk Countries	<p>Throughout the report, we make a distinction between low and high-risk countries. This regards the risk of deforestation and land conversion in the country. To make this distinction, we maintain the list of forest-risk countries provided by CDP, where a forest-risk country is one of the following tropical and subtropical countries selected based on current and/or future deforestation risk (based on GCP, 2018; WWF, 2015 & TFA, 2019):</p> <p>Angola, Argentina, Australia, Bolivia (Plurinational State of), Brazil, Cambodia, Cameroon, Central African Republic, Colombia, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Ecuador, Gabon, Ghana, Guatemala, Guinea, Guinea-Bissau, Honduras, India, Indonesia, Kenya, Lao People's Democratic Republic, Liberia, Madagascar, Malaysia, Mexico, Mozambique, Myanmar, Nepal, Nicaragua, Nigeria, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Sierra Leone, Thailand, United Republic of Tanzania, Venezuela (Bolivarian Republic of), Viet Nam, Zambia, and Zimbabwe.</p>
FPC	Consumer Goods Forum Forest Positive Coalition, a coalition of 20 CGF member companies.
FSC	Forest Stewardship Council.
L3F	Livelihoods Fund for Family Farming.
Mass balance	Certified and non-certified materials are mixed in the supply chain. An administrative system ensures the output of certified product supplied to customers does not exceed the input of certified materials received at the location.
NDPE	No-deforestation, No-peat and No-exploitation.
NORAM	Zone that includes the United States and Canada.
PEFC	Programme for the Endorsement of Forest Certification.
Physically certified	Materials are certified deforestation- and conversion-free using either an Identity Preserved, Segregated, or Mass Balance system.

ProTerra	Not-for-profit sustainable supply chain organization and provider of the ProTerra certification standard.
Responsible Suppliers	We refer to the definition provided in page 12 of Danone Renewed Forest Policy .
RSPO	Roundtable on Sustainable Palm Oil, a not-for-profit sustainable palm oil organization and provider of the RSPO certification standard for palm oil.
RTRS	Roundtable on Responsible Soy, a not-for-profit sustainable soy organization and provider of the RTRS certification standard for soy.
Segregated (SG)	Certified materials are separated from non-certified materials throughout the supply chain, such that it can be assured that the product originates from certified sources, though it may not be possible to identify exact source at farm-level.
SFI	Sustainable Forestry Initiative, a certification program in NORAM that is recognized by PEFC.
SPLP	Siak Pelalawan Landscape Program, palm oil project in Riau, Indonesia.
TTM	Traceable To Mill.
TTP	Traceable to Plantation.



APPENDIX B: METHODOLOGY



DANONE
ONE PLANET. ONE HEALTH

METHODOLOGIES TO MONITOR OUR PROCESS

Traceability Process

To trace the products sourced by Danone back to their origins, we collaborate with **third-party organizations**.

1) With the support of an external commodities consultancy (3Keel), in 2022 Danone renewed its traceability process for 3 key forest commodities: soy, paper & cocoa.

The purpose of this annual traceability process is to track, monitor and verify the volumes, origin, certification status, and deforestation and conversion risk of these commodities provided to Danone by its suppliers. To meet the required standards outlined in the Renewed Forest Policy, Danone requests all direct suppliers to provide data disclosure in two parts. Firstly, the volume of commodities supplied in FY 2023, associated certification status of these commodities and origin of the commodity including traceability data to country and sub-national region. Secondly, details of the policies, targets, action plans and procedures of suppliers within their own supply chains and for their entire group (not only Danone supply chains). Suppliers were requested to submit datasets via a secure reporting portal, and then 3Keel checked the policy-set data provided by suppliers, including validation checks against reported FY 2022 volumes. Danone buying teams were engaged to provide validation checks for volume disclosure and certification claims made by suppliers for FY 2023 volumes.

We actively engage our Tier 1 suppliers in the traceability process on an annual basis, starting in November by identifying relevant contacts and finalizing the

engagement in Q2 when we publish our Forest Update. Any uncertainties or non-compliance issues are addressed with the respective suppliers. We work collaboratively with suppliers to define time-bound targets and ensure compliance with our Forest Policy. For suppliers that require a transitional approach to meet our commitments, we involve their broader Sustainable Sourcing team in our supplier engagement program.

2) **Concerning palm oil:** since 2014, we have had a traceability system in place to map our supply chain at least annually. 2023 full-year results showed that 100% of volumes can be traced to Mill level and 99% to Plantation level. Earthworm Foundation supports Danone on this twice a year, in Q1 and Q3. Danone connects with the suppliers, onboards them in the traceability process and confirms purchased volumes. Earthworm Foundation supports Danone to verify the (certified) volumes, using self-declared data provided by Danone's suppliers, who collect info from Tier 2 onward. Earthworm Foundation compiles the list of mills and plantations from our suppliers and calculates % traceability to mill (TTM) and plantation (TTP). The information is used to monitor compliance with our vDCF commitments set out in Danone's Renewed Forest Policy. Finally, Earthworm Foundation supports us in Grievance monitoring, following our [grievance mechanism](#). Recognizing that transparency is important to making tangible progress on responsible palm oil, Danone publishes the results of our mapping exercise every semester. Please find here the most recent [Palm Oil Mill + Plantation List H1 2023](#).

CGF-FPC methodology used for calculating Forest Commodity Footprints

SOY Footprint:

- Direct soy oil and derivative consumption is converted into land area by first assessing the total volume of material purchased by Danone in the reporting period. This is then converted into 'soybean equivalent', as we buy processed materials that require greater inputs to produce the specific co-products we use in our products. We use the RTRS calculator conversion factors to estimate the whole soybean requirements of our demand using the economic allocation method for co-products.
- Using the soybean equivalent we determine the land use impact by dividing our demand by the yield efficiency of soybean production in the producing nation. This country-level view allows us to estimate the total hectareage of land connected to our demand using the co-product that drives our overall company material requirements.
- Finally, risk is then determined by assessing national level deforestation rates for soybeans to allow us to have an estimated level of deforestation risk.

PALM OIL Footprint:

- First, direct palm oil and derivative consumption is converted into land area by first assessing the total volume of material purchased by Danone in the reporting period. This is then converted into 'fresh fruit bunch equivalent' as we buy some processed materials and derivatives that require greater inputs to produce the specific co-products we use in our products. We use industry estimates for the conversion of palm oil and palm kernel oil to fresh fruit bunches using the economic allocation method for co-products.
- Using the fresh fruit bunch equivalent, we determine the land use impact by dividing our demand by the yield efficiency of palm oil in the producing nation. This country-level view allows us to estimate the total hectareage of land connected to our demand using the co-product that drives our overall company material requirements.
- Finally, risk is determined by assessing national level deforestation rates for palm oil to allow us to have an estimated level of deforestation risk.

PAPER and BOARD Footprint:

- Paper and board material consumption are converted into land area by first assessing the total volume of mass purchased by Danone in the reporting period. Recycled content mass is deducted from the total tonnage figure. This is then converted into cubic meters as we buy pulp and board which are not directly connected to trees using conversion factors from [Forest Research](#).
- Hectare requirements are determined by using the species-level mean annual increment (MAI) cubic meters per hectare multiplied by the volumetric demand by production region using [FAO conversion factors](#).
- Finally, risk is determined by assessing country-level risk using the designated CDP list.

BEEF Footprint:

- First, direct beef consumption is converted into land area by first assessing the total volume of material purchased by Danone in the reporting period. This is then converted to beef product land requirement per country (if provided, otherwise average applied) using the WWF Riskier Business report methodology developed by 3Keel with updated FAO data and economic allocation. This method allocates total country pastureland to different grazing animals based on relative feed conversion efficiencies and overall sector production. The national pasture area is apportioned between the three main livestock types: beef cattle, milk cattle and sheep. Economic allocation factors were applied to the area assigned to beef cattle to determine a pasture allocation per product per country, to avoid double counting where multiple products were produced from a country. Average weighted factors were used from a review of allocation methods (Kyttä et al). The area assigned to each product is divided by the national production of that beef product to give a hectare per ton estimate per product per country.
- Finally, risk is then determined by assessing national level deforestation rates to allow us to have an estimated level of deforestation risk.

