

RENEWED FOREST POLICY

Our commitment to tackling deforestation,
conversion and land degradation



December 2022



FOREWORD

“At the heart of our renewed forest policy is our vision to shift toward a forest-positive future”

Healthy forests and other land-based ecosystems are vital for life on earth: supporting the livelihoods and wellbeing of people, preserving a vast array of biodiversity and combating climate change. However the trend over the last decades has been alarming: over 100 million hectares of forest have been converted or degraded since 2000, and since 2021 the Amazon rainforest is a net carbon emitter instead of carbon sink for the first time. **At Danone we recognise the urgent need to continue and amplify our effort in protecting and restoring forests; this has been a central element of our sustainability strategy.** This is not only a moral imperative but a business imperative as well: as a global food business, we depend on on healthy ecosystems and thriving communities where we source our raw materials. Combatting deforestation and conversion will strengthen our supply resilience and help pave the way for sustainable growth.

At the heart of our renewed forest policy is our vision to shift toward a forest-positive future, through protecting our remaining forests and regenerating what has been lost. Our focus on halting deforestation or conversion linked to

our business is not new. Danone has been working steadily to improve transparency of our supply chains and shift to certified sustainable sources since 2010. **By 2020 we achieved close to 100% certified sustainable sources across several of our highest risk commodities.** However, in the decade since we launched our original Forest Policy, deforestation has continued to accelerate and climate change impacts are being felt around the world. This is why we plan to go further and faster than ever before: **delivering verified zero deforestation supply chains across five priority commodities by 2025 and moving to a forest-positive future.**

Achieving these targets will not be easy. Land use is driven by competing needs and interests, with many stakeholders involved, many of whom we do not deal with directly. Achieving healthy and sustainable landscapes across all our sourcing regions will require new ways of working to help balance these needs and empower local stakeholders.

At Danone, collaboration sits at the heart of how we operate. We have decades of partnership experience and recognise that to solve complex

challenges and deliver change at scale and pace, we need to work with others. **Our commitments extend beyond our own operations to cover our suppliers and manufacturers, so we will work closely to drive action and report progress along the value chain.** Our forest-positive vision means forging new alliances to protect and restore land and support livelihoods of smallholders and local communities.

Beyond our own business, **we believe that systemic change can only come through wider shifts in policy and society, where our voice collaborating with others can help drive lasting change.** We will draw on our founding culture of innovation to find new ways to deliver positive impact and are committed to sharing what we learn. **We will be transparent on the action we are taking and honest about the progress we make.** We hope you will follow our progress as we make this ambitious vision a reality.

POLICY EDITION & ACCOUNTABILITY

Publication Date: December 2022

Issuing Department: Cycles & Procurement

Approvers: Chief Operations Officer, Chief Sustainability & Strategic Business Development Officer, Chief Cycles & Procurement Officer

EFFECTIVE DATE AND PRIOR COMMITMENTS:

This Policy is effective from the publication date and replaces from such date the following: the Forest Footprint Policy (2012), the Paper & Board Packaging Policy (2012), the Palm Oil Policy (2015), the Soy policy (2014) and the Position Paper on Eliminating Deforestation (2014).

THIS POLICY COMPLEMENTS OUR:

(1) Danone Sustainability Principles for business partners, (2) Danone statement on Forced labor, (3) Danone Water Policy, (4) Danone Packaging Policy

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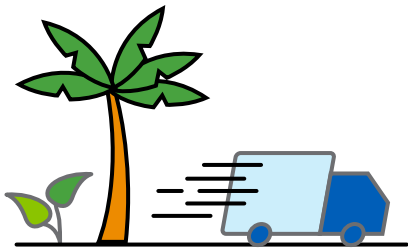
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OUR RENEWED FOREST AND LAND COMMITMENTS

2025

Clean Supply Chain

By 2025 we will have worked with our direct suppliers towards **full traceability**. Our direct supply chains are **verified deforestation and conversion free** whilst upholding human rights.



2025

Responsible Suppliers

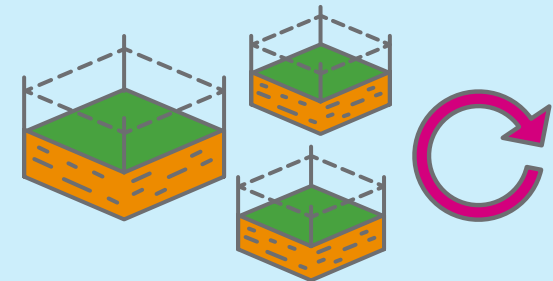
By 2025 we will have **cascaded Deforestation and Conversion Free commitments** in line with our cut-off dates through our direct supply chain.



2030

Regeneration

By 2030 we will have **supported landscape projects** that protect and restore vital ecosystems, with a focus where relevant on strengthening farmer livelihoods. **Partnerships and coalitions** are central to our impact.



DANONE JOURNEY TO 100% DEFORESTATION- AND CONVERSION-FREE

2010

Signatory to Consumer Goods Forum Declaration on Forests
Zero net deforestation by 2020

2014

Signatory to New York Declaration on Forests

2017

Launch regenerative agriculture ambition

2019

Committed to science-based carbon targets

2021

Member of Forest Positive Coalition

2022

Renew our forest policy guided by Accountability Framework (AFi)

Committing to action

Towards zero deforestation products

Towards a forest positive future

2030

2012

Launch of: 'Danone Forest Policy' and 'Paper and Board Policy'

2014

Launch of: 'Soy Policy'

2015

Launch of: 'Zero net carbon Climate Policy' and 'Palm Oil Policy'

2020

- 100% of directly purchased soy certified or from low-risk regions
- 100% Alpro soybean traceability to farm
- 98% of palm oil certified
 - 100% traceable to mil
 - 85% traceable to plantation
- 80% of cocoa certified
- 98% certified paper and board for packaging
- 100% of paper and board traceable to country, 90% to mill

2025

100% direct supply chains verified deforestation- and conversion-free

Regeneration projects delivering Forest, Climate, Nature and People positive agenda

"Forests constitute an essential link in the Food chain. They regulate the climate, the water cycle and shelter the richest ecosystems in the world. Recognizing that their preservation is critical for the planet and requires the action of all parties involved, Danone has engaged in a dedicated policy, built on two complementary pillars: eliminating deforestation from its supply-chain and contributing to reforestation."

Danone Forest Policy, 2012

FOCUSING ON OUR KEY COMMODITIES

Priority Commodities



Soy



Palm Oil



Animal Feed



Paper and Board



Cocoa

Our strategy is focused on five materials and derivatives due to their known risks and importance to our products. In identifying them we consulted with our stakeholder network and expert groups, as well as being consistent with the latest evidence that these are the core materials contributing to deforestation and land conversion as shown in the WWF Risky Business Report and the EU proposal for deforestation free products. Our commitment applies to Danone Group including its own operations, 3rd party manufacturers and supply chain where relevant.

We will continue to responsibly source other commodities - such as coffee, sugar, and beef - in tandem with these focus areas. A guideline for responsibly sourced key commodities addressing holistically the challenges of deforestation, carbon impact, water scarcity and human rights will be developed at a later stage.

Danone has been committed to eliminating deforestation since we issued our first Forest Policy in 2012. We reaffirmed our commitment by signing the New York Declaration on Forests in 2014, and supporting the Consumer Goods Forum (CGF) resolution to achieve net zero deforestation in key commodity sectors. Since then we have achieved great strides in ensuring

that our supply chains are able to deliver against our commitment to provide products that haven't been produced at the expense of critical ecosystems and landscapes.

Whilst we have worked hard to ensure that the products we sell have been responsibly produced, it is clear that we all need to do more to tackle deforestation and land conversion, as well as promoting human rights and resilient communities that respect indigenous land owners. We will therefore work to address the underlying drivers of these challenges, through our core commitments described on page 4. We will work to deliver on these commitments transparently, through engagement and collaboration throughout our value chain. Our progress towards these goals will be disclosed with public key performance indicators.

Addressing this issue is just one component of our broader sustainable commodities agenda. For further information on the other steps we are taking to promote environmentally responsible production that upholds human rights, see our [website](#).

Deforestation- and conversion-free

Deforestation and conversion signifies land use change or land degradation of natural ecosystems to farms, ranches, or plantations. We draw on the Accountability Framework initiative (AFi) 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:

- 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

Principles we adopt and respect

- No Deforestation, No Peat, No Exploitation (NDPE)
- Free, Prior, Informed Consent (FPIC) and land rights of indigenous population and local communities
- Commitment to remediate adverse human rights impacts
- Active promotion of engagement and consultation with Human Rights Defenders, rights holders and their representatives

Regenerating Ecosystems

We will have a positive impact in the areas that have been impacted by deforestation and land conversion by working with partners and coalitions to support projects that protect natural ecosystems, restore or regenerate converted or degraded land, and support livelihoods of smallholders and local communities.

WE WILL CONTINUE BEING AN ADVOCATE FOR NATURE

While voluntary commitments from companies like ours are critical, they are not sufficient. We believe policy has a fundamental role to play in driving systemic change, and creating a level playing field for nations and companies. We will use our voice to call on policymakers to put in place regulatory frameworks that halt and reverse global deforestation and conversion, building off our key policy principles:

Robust **cooperation** between importing and producing countries (bilateral agreements; capacity support through technical assistance; exchange of information; trade and other incentives; and best-practice sharing in the preservation, conservation, and sustainable use of forests and other high-value ecosystems.

Supporting suppliers that share our ambition for making deforestation- and conversion-free natural commodities the norm

Supply-side measures including enhanced **traceability requirements** for at-risk natural commodities as a condition for entry to importing countries

Demand-side measures including **due diligence** (government mandating of due diligence obligation for companies involved in commodity supply chains, monitoring and collection of industry data)

Sustainable **finance** measures to encourage investment in sustainable activities and supply chains, and support the transition of smallholder farmers.

Support for robust **verification systems** (via domestic border and trade mechanisms)



FOUNDATIONS OF OUR STRATEGY

Delivering deforestation- and conversion-free

We will address all forms of deforestation and land conversion, regardless of whether or not it occurs legally or illegally in production regions, in accordance with the definitions agreed within the Accountability Framework initiative (AFi). A commodity and/or regionally specific cut-off date is present for each commodity, with 31 December 2020 being used, at the latest, where a more specific agreement is not in place.



Monitoring, reporting and verification

We will be transparent on our progress and the actions we are taking to deliver on these commitments. Supply chain disclosure, risk assessments, grievances, and the remediation actions that we take will be provided publicly. Key performance indicators for each commodity will be monitored, and the performance publicly reported.



Engagement and collaboration

We will continue to work with our peers and producers to find effective and scalable solutions. These efforts will extend across our sector through the Consumer Goods Forum's Forest Positive Coalition as well as through the commodity-specific channels. These channels unlock relationships that can spur innovation through collaboration with the producing regions and smallholders that will join us on this journey.



PRINCIPLES FOR DRIVING CHANGE THROUGHOUT THE SECTOR

Support suppliers, not just the supply chain

We have spent years working with our suppliers to transform the specific material flows entering our products to ensure they have been responsibly produced. These supply chain actions demonstrate that it is possible to deliver products that do not adversely impact landscapes and communities. Now we want to stimulate further change, so that we are working with companies that share our ambition to meet the challenge of making deforestation- and conversion-free products the norm. It is not just about having deforestation- and conversion-free products.



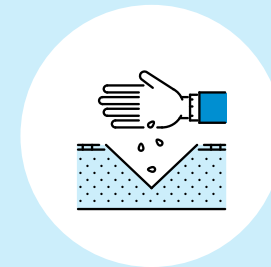
Build on certification, where it is effective

Traceability and transparency are critical parts of being able to verify that our direct and indirect suppliers are delivering on our shared commitments. For some commodities, such as palm oil, certification can play a critical role in rapidly providing an independently verified deforestation and conversion free value chain. Where there are credible paths to transforming production practices through certification, we will continue to build on our successes and encourage wider adoption as part of the solution.



Regenerate what has been lost

Halting the loss of vital ecosystems is only one part of the problem. We also have to return land that has been deforested or converted to a state where biodiversity, soil health, and communities can flourish. The routes for how this can be done effectively in a scalable manner within production regions are not always clear. It will necessitate us trying a range of options to see what measures are the most effective, and how we can then rapidly scale these approaches up by the end of the decade.



OUR 2025 COMMITMENTS

Danone products will be verifiably deforestation- and conversion-free as defined by the Accountability Framework initiative (AFi) with a cut-off date of 31 December 2020 at the latest.

The suppliers we source from will share and meet our commitments across their entire operations, not just for what they supply to us.

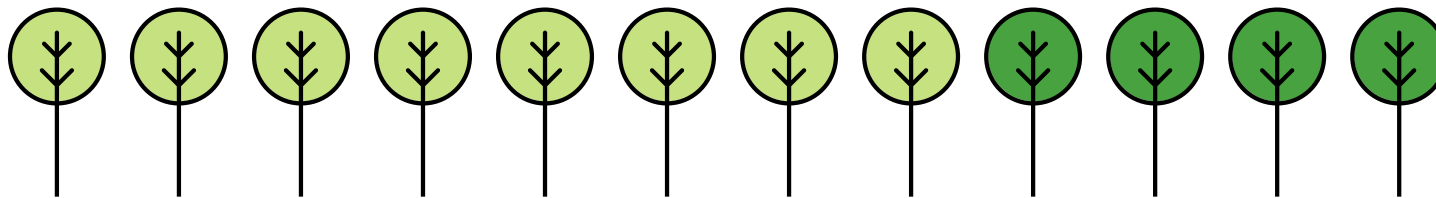
We will utilise financial and commercial mechanisms to ensure the incentives and penalties are in place to support the protection of our Earth's vital landscapes and ecosystems.

We will work to drive community resilience and promote human rights for all workers directly and indirectly present in our supply chain.

We will establish a monitoring, reporting, and verification system, with publicly available indicators of progress, grievances, and the steps taken to correct non-conformances.

Key Metrics

- High risk supply (%)
- Verified deforestation- and conversion-free (%)
- Suppliers matching Danone's commitments (%)
- Risk assessment of our top suppliers of each commodity
- Disclosure of grievances and actions taken within supply chain
- Traceability mapping for each commodity

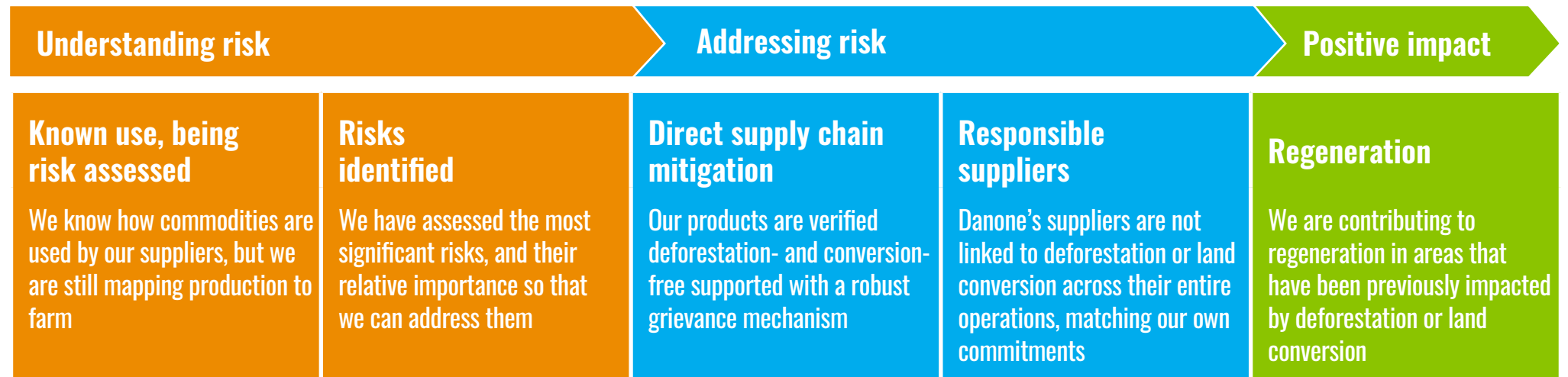


BUILDING ON OUR SUCCESSES AND SCALING UP

For more than a decade Danone has sought to understand and act on the risks deforestation and land conversion pose to our supply chain. Whilst these actions have helped advance our knowledge surrounding the core forest risk commodities, from identifying risks to being able to take effective actions to mitigate them, there is still more we can do.

Through our new policy we will seek to be an enabling influence within our forest commodity supply chains, in order to stimulate the fundamental change that is needed in how we work with nature. These next critical steps will move us from where we are today – focusing on our direct supply chain – to where we only work with companies that commit and operate their own supply chains in alignment with our ambitions for zero deforestation and conversion-free production.

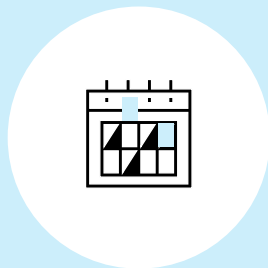
There are three phases to our journey, described below. Where we are might differ by commodity, but our goal is to reach positive impact for all by 2030.



WHAT DOES DANONE MEAN BY A RESPONSIBLE SUPPLIER?

Same cut-off dates are in their group policies

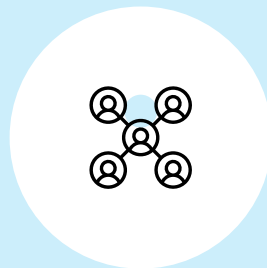
The cut-off dates we have established in this policy are expected to be the minimum requirements for our suppliers to adopt. This includes an absolute cut-off date for deforestation and land conversion of 31 December 2020, unless a national law (e.g. Brazil Forest Code) or sector agreement (e.g. Amazon Soy Moratorium) provide for an earlier point in time.



Applies to their whole corporate group

Commitments must extend to all purchases the supplier makes, not just what they are supplying to Danone. This requirement is relative to the commodity the supplier is providing to Danone.

It is possible that a supplier may have adopted a policy and programme for one commodity - such as cocoa - but not for another - such as soy. In this situation the supplier would be deemed to be a responsible supplier for cocoa, but not soy.



Reporting and transparency is provided on progress

Suppliers must have clear key performance indicators that they are measuring and sharing with Danone and the public. This must, at the minimum, include:

- Who their top suppliers are, and their risk assessment of them in terms of compliance with their deforestation- and conversion-free policy
- Grievances received and logged concerning their supply chain, and their actions taken to address them
- Material origin to the farm/plantation level
- Percentage of products across their business verified deforestation- and conversion-free



COMMODITY-SPECIFIC APPROACHES

Our Renewed Forest Policy replaces a number of commodity-specific policies in order to renew and advance our ambition to become a forest positive business.

We have developed a holistic approach that will be applied across our priority commodity supply chains. However, each commodity presents specific challenges and opportunities, based on how and where they are produced, the nature of the supply chain and the existing efforts that have been made to ensure sustainability in particular sectors.

We have therefore developed more specific roadmaps for each priority commodity, and identified collaborative initiatives we will support to help drive progress beyond our own value chain. These roadmaps are set out over the following pages.



Priority Commodities



Soy



Palm Oil



Animal Feed



Paper and Board



Cocoa



SOY

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 from which many depend on.

There are many different agricultural regions that produce soybeans, with the majority coming from North America and South America. However, Europe and Asia are also significant producers, with most soybeans used for our food products coming from these regions.

What we already achieved: As of 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 certified.

How we will go further: Our achievements in our direct sourcing of soybeans enables us to continue our work beyond soybean to derivatives, such as lecithin, and other co-products that are also used in our products. These other materials have more complex supply chains that require engagement with additional companies we don’t always have a direct relationship with. We will work closely with our traders and suppliers to have better traceability and transparency.

Reference cut-off date No deforestation or land conversion may have occurred in the Amazon since 2008

Global, if no other agreement or law is in place: 31 December 2020

Commitment

100% of direct soybeans traceable to trader and sub-national region by 2023

Farm-level traceability for all direct soybeans by 2025 in high risk regions* for deforestation and conversion

Top five direct soybeans suppliers will match our commitments by 2025

Monitoring and Reporting

Volume and origin disclosure to farm-level transparency

Grievances and remediation actions taken

Top five suppliers and their progress towards our goal, and associated risk assessment

Collaboration

Prevent indirect land use change while/ by supporting expansion of soy production in Europe and South America only on existing agricultural land

Supporting the development of financial incentives for landowners to protect native vegetation and forests

Support adoption of due diligence policies in importing countries

*A register of areas identified as being at high risk of deforestation and conversion will be maintained and updated regularly.



PALM OIL

Palm is the most efficient oil crop per hectare of land use. It has a wide range of uses due to its neutral flavour and can extend the shelf of products so that the last longer and avoid food waste.

Over 80% of palm oil is grown in Indonesia and Malaysia where production has increased significantly since the turn of the century. Production is highly concentrated in these regions as being a tropical oil means it can only be produced in areas close to the equator. The Roundtable for Sustainable Palm Oil (RSPO) is the main body that is driving responsible production practices forward, with around 40% of palm oil producers members.

What we have achieved: 93% of our palm oil was segregated RSPO certified in 2020. Whilst this does provide us with assurance that nearly all of the palm oil we are using is deforestation- and conversion-free, we know there is more to do in ensuring that all palm oil is produced in this manner.

How we will go further: We will reach 100% traceability from plantation level and engage our suppliers to match our commitments. Transparency is key to ensure that every upstream company in our value chain has the information needed to demonstrate that deforestation- and conversion-free production is occurring.

Reference cut-off date No deforestation or land conversion may have occurred since December 2015

November 2018 (if RSPO certified)

Commitment

100% RSPO Segregated or Independent Smallholder Credits for all our palm oil use by 2025

100% traceability of palm oil to plantation by 2023

Top five direct suppliers will match our commitments by 2025

Monitoring and Reporting

Continue to publish the complete list of companies and mills supplying our business

Plantation disclosure

Grievances and remediation actions taken

Top five suppliers and their progress towards our goal, and associated risk assessment

Collaboration

Understanding risks in emerging regions (e.g. Africa), and the routes for certified material sourcing.

Effective smallholder support programmes

Working with other palm oil users to promote strengthening their group-wide commitments and actions to become 'responsible suppliers'



ANIMAL FEED

Soy and palm contained within feed (either as meal or oils) often accounts for no more than 5% of animal feed mix. With about 75% of soy produced in the world traded and used within animal feed, the use of these commodities for this purpose should not be overlooked.

What we have achieved: As part of our regenerative agriculture programme, Danone has been working directly with farmers to transition towards locally produced feed ingredients, including soy, for several years. As well as being positive for local communities, this localisation of feed sourcing also reduces our farmer's dependence on soy grown in higher risk regions for deforestation and land conversion within South America.

How we will go further: We will expand our focus to include palm oil co-products - principally palm kernel meal - that are playing an increasing role in feed innovation. Although these materials are not considered primary drivers of palm cultivation, their use within the feed sector provides additional value to palm producers and traders.

We will also continue our efforts to localize feed solutions where relevant. Finally, we will work with the broader industry to push for greater transparency in feed supply chains. This is building on work we have already been doing as members of the Consumer Goods Forum (CGF) Forest Positive Coalition, where we are actively engaged with the Soy and Palm working groups.

Reference cut-off date No deforestation or land conversion may have occurred since:

Soy: 31 December 2020 (2008 in the Amazon)

Palm Oil: December 2015 (November 2018 if RSPO certified)

Commitment

100% mapping and risk assessment of animal feed by 2025

Working with farmers on local feed or alternative protein transition

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

Top 5 Dairy ingredients suppliers engaged within Sustainable Dairy Partnership (SDP) and meeting DCF goals by 2025

Monitoring and Reporting

Volume and origin transparency to country (lower risk deforestation country) and/or sub-national region (higher risk* deforestation country)

Grievances and remediation actions taken with direct suppliers and commodity traders

Collaboration

Working with civil society organizations, peers and supply chain actors through multi-stakeholder initiatives to develop risk management approaches, transparency systems and collaboration projects

Working with farm upstream suppliers to promote locally sustainably produced protein feed alternatives

Engaging with dairy suppliers to promote the SDP through the Sustainable Agriculture Initiative (SAI) platform

Supporting the development of financial incentives for landowners to protect native vegetation and forests

Support adoption of due diligence policies in importing countries



PAPER AND BOARD

Timber production is one of the primary drivers of deforestation around the world alongside commercial agriculture. For many organisations, the land use associated with using pulp and paper, such as with packaging, can be the biggest contributor to a company's overall land footprint.

What we have achieved: For over a decade Danone has been working with our suppliers to ensure that our pulp and paper use does not contribute to the loss of forests. We have achieved this through the use of credible certification programmes, like the Forest Stewardship Council (FSC), as well as by investing and research and development to expand the use of recycled content to remove the need for any new trees to be harvested.

How we will go further: Danone will be focusing on expanding our work to work with the most responsible suppliers and systems in addressing the use of timber. In addition, we are extending our scope from paper packaging to also include point of sale materials. In short, we will:

- 1 Expand the use of recycled fibers** – there are food safety and legal requirements that limit the degree to which recycled material is permitted in packaging that is contact with food products. These are not insurmountable, but innovation is needed to ensure that there are not unintended consequences with alternative material uses.
- 2 Support FSC, PEFC and SFI certification** – paper and packaging supply chains will need to ensure that their facilities are capable of delivering the chain of custody requirements we need to have visibility back to forest for all our pulp and paper needs.

Reference cut-off date No deforestation or land conversion may have occurred since 1994 (FSC) or 2010 (PEFC)

Global, if no other agreement or law is in place: 31 December 2020

Commitment

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

Top five direct suppliers, by weight, will match our commitments by 2025

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

Monitoring and Reporting

Mill and plantation level sourcing for virgin fibre and risk assessment disclosure by 2024

Certification and recycled content levels

Grievances and remediation actions taken

Top five suppliers and their progress towards our goal, and associated risk assessment

Collaboration

Improving supply chain capacity to transition to FSC or PEFC, including encouraging mill certification

Joining innovation platforms to enable the use of recycled fibres in all relevant applications and to promote more effective use of paper



COCOA

Chocolate products account for almost half of all global cocoa demand, with more than 90% of all cocoa being produced by smallholder farmers. Although not commonly considered one of the key deforestation commodities, between 2-3 million hectares of forest was lost due to cocoa production between 1998-2008.

Danone has been engaging as a positive partner in addressing responsible cocoa production through the use of effective certification schemes, such as Rainforest Alliance.

What we have achieved: As of 2020, approximately 80% of Danone's cocoa was certified using a mass-balance system. This type of approach is used to reflect the challenges of operating in a commodity market whereby cocoa beans from different producers are mixed together at various points in the supply chain.

How we will go further: Danone will now work with the major cocoa traders and processors in our direct and indirect supply chains to improve traceability to farms whilst encouraging them to adopt credible targets that align with our own. In parallel, we will also accelerate the work we have been doing to increase the demand for responsible production.

Reference cut-off date No deforestation or land conversion may have occurred in Côte d'Ivoire or Ghana since 2018

Global, if no other agreement or law is in place: 31 December 2020

Commitment

100% of cocoa verified deforestation- and conversion-free cocoa by 2025

Third-party farm-level traceability for all forms of cocoa

Top three direct suppliers will match our commitments by 2025

Monitoring and Reporting

Volume and origin disclosure to farm-level transparency

Grievances and remediation actions taken

Top three direct suppliers and their progress towards our goal, and associated risk assessment

Collaboration

Contributing to cross-sector initiatives to protect and expand native vegetation and forests

Unlocking supply chain transparency and traceability from direct and indirect supply chains

Supporting the development of financial incentives for landowners to protect native vegetation and forests



DANONE
ONE PLANET. ONE HEALTH