

# DANONE

# WATER POLICY

# 2024



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# WATER FOR SUSTAINABLE AND RESILIENT FOOD SYSTEMS

## INTRODUCTION

Water is essential for all life on this planet. Not only is water fundamental to human health, including sanitation, hygiene, and safe drinking water, but it is also necessary for natural ecosystem resilience, as it plays a key role in mitigating climate change and biodiversity loss.

Yet, water resources are at risk. Water-related diseases and safe drinking water shortages persist. 2.2 billion people (26% of the global population) lack access to safe drinking water. It is expected that the global urban population facing water scarcity will double by 2050<sup>1</sup>. Additionally, the freshwater planetary boundary – the ecological threshold within which humanity can continue to thrive -- exceeded safe limits in 2022<sup>2</sup>.

As a global food and beverage company, Danone is determined to address these challenges to foster more sustainable and resilient food systems. This is particularly true for the agricultural ingredients Danone uses for its products, which constitute 89% of our value chain's water usage. Prioritizing water preservation in agriculture while also reducing our water use in operations is key to ensuring business continuity, improving water and food security in the communities in which we operate, and strengthening the interconnection between food, energy, and water that underpins sustainable development.

Following the 2023 launch of our Danone Impact Journey, our sustainability roadmap towards 2030, we are renewing our water policy – not only to ensure alignment between our water commitments and this new framework, but also to drive our mission to bring health through food to as many people as possible.

We believe in our capacity to support the transition towards more resilient, water-secure food systems throughout our value chain. In our ambition to help mitigate the global water crisis, we aim to safeguard the water resources we utilize and the food systems that depend on them for a more equitable future.

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<sup>1</sup> [Imminent risk of a global water crisis warns the UN World Water Development Report 2023 | UNESCO](#).

Note: Global urban population facing water scarcity is projected to double from 930 million in 2016 to 1.7-2.4 billion people in 2050.

<sup>2</sup> [Freshwater boundary exceeds safe limits - Stockholm Resilience Centre](#)

## Key water definitions

- **Watershed and Basin:**
  - A watershed is an area of land that drains or “sheds” rainfall and snowmelt into bodies of water, such as lakes, rivers, and aquifers<sup>3</sup>.
  - A basin comprises multiple watersheds and covers the entire surface of the earth<sup>4</sup>.
- **An Aquifer** is an underground area that stores water in the porosity of the rock and where water flows. Slower than surface water, it can take several days, years or even centuries for ground water to cover the same distance as surface water<sup>5</sup>.
- **Watershed Preservation and Water Restoration:**
  - Preservation refers to actions aiming to preserve or safeguard the watershed ecosystem against potential threats (in terms of quality and quantity).
  - Restoration refers to actions intended to regenerate a degraded watershed ecosystem.
  - Both are essential to enhance watershed functioning<sup>6,7</sup>.
- **The Water Cycle** is a process that connects all the water on, above, and below the surface of the Earth. It includes evaporation, condensation, and precipitation<sup>8</sup>.
- **Water Stewardship** refers to the use and protection of water resources in ways that are socially equitable, and economically beneficial, and environmentally sustainable, not just for the water resource but for the broader natural ecosystem.
- **The 4R Strategy is a Danone operational strategy to Reduce, Reuse, Recycle, and Reclaim water throughout our production sites to reduce our overall water footprint.**

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<sup>3</sup> [Watershed \(nationalgeographic.org\)](https://www.nationalgeographic.org/learn/earth-science/watershed/)

<sup>4</sup> [Watersheds and Drainage Basins | U.S. Geological Survey \(usgs.gov\)](https://www.usgs.gov/learn/earth-science/watersheds-and-drainage-basins/)

<sup>5</sup> [Aquifer | Types & Facts | Britannica](https://www.britannica.com/define/aquifer)

<sup>6</sup> [How We Protect Watersheds \(nature.org\)](https://www.nature.org/en/our-work/protecting-watersheds/)

<sup>7</sup> [fao.org/sustainable-forest-management/toolbox/modules/watershed-management/basic-knowledge/en/?type=111](https://www.fao.org/sustainable-forest-management/toolbox/modules/watershed-management/basic-knowledge/en/?type=111)

<sup>8</sup> [Water cycle | Definition, Steps, Diagram, & Facts | Britannica](https://www.britannica.com/define/water-cycle)

## OUR GUIDING PRINCIPLES

Our Water Policy highlights the importance of water stewardship and collective responsibility in protecting water resources, and it is structured around three guiding principles:

- 1. Valuing water:** we recognize that water is essential for maintaining a resilient and healthy planet, so Danone has renewed its commitments to safeguarding water as a core part of its sustainability journey. We leverage our operational experience to reinforce and extend our actions across our entire value chain, ensuring synergies through a landscape lens.
- 2. Harnessing scientific and traditional water insights:** we rely on the latest scientific findings on the water cycle while appreciating the traditional knowledge from local communities, serving as frontline water stewards. By combining scientific insights with the support of our in-house water and environment together with local communities' dialogue, we aim to adapt and improve our water actions for greater impact.
- 3. Fostering collective action:** we recognize water as a global common good and believe in the power of collective action to drive impactful, long-term change. By partnering with key local stakeholders and global coalitions, we drive systemic change that enhances water resources' resilience and builds resilient landscapes and economies.

## OUR AMBITION

We aim to preserve and restore watersheds where we operate and drive water footprint reduction across our value chain, while enhancing access to safe drinking water.

To this end, we have set the following targets within our sustainability strategy, the Danone Impact Journey:

- Deploy the 4R strategy (Reduce, Reuse, Recycle, and Reclaim) in all our production sites and implement watershed preservation and restoration plans in highly water-stressed areas where we operate by 2030.
- Ensure that 50% of the key water-material<sup>9</sup> ingredient volumes sourced from water-risk areas will be produced under water improved management by 2030<sup>10</sup>.
- Provide positive nutrition and hydration for a healthier life, providing 20 million people with access to safe drinking water by 2025<sup>11</sup>.

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<sup>9</sup> In sustainability, materiality refers to the importance of environmental, social, and governance issues for a company's stakeholders, operations, and long-term viability. Materiality assessments help companies identify and prioritize the most relevant issues to manage risks and seize opportunities to improve their impact. In this case, a water-material ingredient is one that not only represents significant volume and spend quantities for the business, but also whose availability is highly dependent on healthy water resources.

<sup>10</sup> Requires suppliers to be compliant with Water Requirements of our Sustainable Sourcing Policy (to be progressively implemented starting June 2024). When traceability or access to farm level is possible, farmers are also required to have achieved level 2 of Water Category in the [Danone Regenerative Agriculture Scorecard \(DRAS\)](#).

<sup>11</sup> Through the social businesses supported by Danone Communities and the Water Access Acceleration Fund. For more information, see Section 3, "Support communities surrounding our production sites and vulnerable populations worldwide."

# OUR HOLISTIC APPROACH TO WATER STEWARDSHIP

Our work to safeguard water resources is built upon a holistic approach including three strategic pillars:

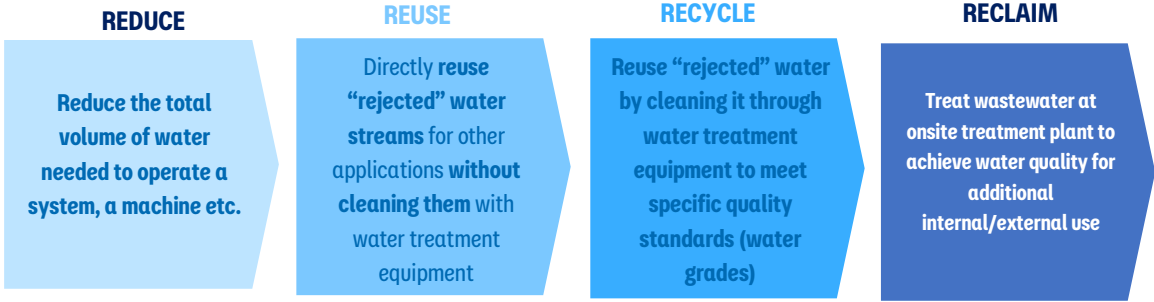
- 1. Drive water efficiency in and around production sites
- 2. Preserve water resources and the biodiversity of natural ecosystems around our operations
- 3. Involve communities surrounding our production sites and provide water access to vulnerable populations

## 1. DRIVE WATER EFFICIENCY IN AND AROUND PRODUCTION SITES

### Our commitments and approach

At Danone, we aim to achieve operational excellence in all our production sites. This entails limiting the environmental impacts of our operations while leveraging the interconnection between water, energy, and waste management systems – to unite performance and sustainability throughout our production processes and final products.

Through our Danone Impact Journey, we highlight the importance of our 4R strategy to Reduce, Reuse, Recycle, and Reclaim the water in 100% of our production sites by 2030. The 4R strategy requires all production sites to manage water as efficiently as possible through a site-specific roadmap aligned with surrounding watershed stress, local contexts and regulations, and technological feasibility.



To reduce overall freshwater withdrawals, our production sites work to maximize wastewater reclaim wherever relevant. Internally, our factories install water reclaim units where the liquid discharges or effluents are treated and then used for internal cleaning processes. Many sites also engage in external reclaim where treated effluent is sent for agricultural use by farmers, municipalities, or other third-party users for their own production processes. At sites where we treat our own wastewater, we also monitor the quality of wastewater discharged according to the Danone Clean Water Standard, an internal standard on maximum wastewater discharge limits.

To monitor our progress and performance towards our Danone Impact Journey targets, we set the following operational objectives for sites facing water risk – both to be reached by 2030:

- Reduce water consumption intensity by 50% compared to 2015 levels or reach the best-in-class water usage ratio set per category of products<sup>12</sup> following the 4R strategy on production sites at risk.
- Maximize water reclaim in or around our production sites to reach 100% locally reclaimable<sup>13</sup> water to protect the water cycle on production sites at risk.

## Our tools and levers for action

The following tools and assessments allow us to prioritize our interventions, in line with our commitments:

- **The Water Footprint Assessment (WFA)** monitors the surface freshwater, groundwater, and rainwater of our global operations and supply chain. It helps us understand the water footprint associated with production process, packaging, and agricultural commodities used for Danone products.
- **The Water Risk Assessment (WRA)** follows a double materiality approach, meaning that it assesses both Danone’s impact on water resources and the impact that water resources, or a lack thereof, have on our business. In doing so, we determine the physical, regulatory, and reputational risks associated with water resources for each plant. Our most recent WRA, conducted in 2023, found that about 40% of Danone’s plants are in watersheds facing high water scarcity risk.
- **The Sustainable Protection and Resource Managing (SPRING) tool** reviewed with the Ramsar Convention of Wetlands<sup>14</sup> and International Union for Conservation of Nature (IUCN), allows us to design factory-specific water-action roadmaps to meet 2030 targets. The tool has a 360° scope spanning from plant operations to wastewater reclaim to watershed protection with local stakeholders.

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<sup>12</sup> Water ratio is tracked by each factory on monthly basis and is reporting in m<sup>3</sup>/ton.

<sup>13</sup> Reclaimable: within local regulatory frameworks and social-economic development around our production sites.

<sup>14</sup> The Ramsar Convention on Wetlands is an international treaty that provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources.



### Our initiatives for positive impact

In 2023, 95% of Danone plants had an active 4R action plan to Reduce, Reuse, Recycle or Reclaim water internally or externally to reduce our overall water footprint.

#### Positive impact operations in Belgium through 4R strategy



Both Danone plants in Belgium, located in Rotselaar and Wevelgem, are equipped with reclaim units. Wastewater is treated through 2-step filtration technologies and directly reclaimed as clean water, then re-used in factory processes. This helps close the factory’s water loop, allowing us to reintegrate and reuse up to 75% of our water in operations. As a result, overall water consumption has been halved. In 2023, our Rotselaar plant reclaimed 277 million liters while Wevelgem reclaimed 721 million liters of treated wastewater.

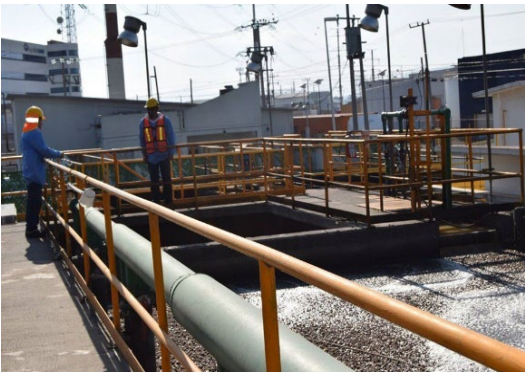
#### Continuous 4R strategy in India



Considering the risk of water scarcity in Lalru, India, Danone’s Specialized Nutrition production site in the region is continuously optimizing its 4R strategy. Over the last years, we reduced water usage related to factory operations by over half. In addition to reducing and re-using water, the site also harvests rainwater, with the objective of returning twice the amount of water used by the factory to nature through groundwater areas. Most

recently, the plant installed an innovative water recycling solution for fresh milk condensate, which resulted in the recycling of 13 ML/year in 2023.

#### Second life of wastewater in Mexico



In Mexico, Danone’s Bonafont brand has been a pioneer in providing a second life to wastewater across its various production sites. In 2023, we provided more than 199,000 m<sup>3</sup> of water to nearby business operations. In the Valle De Mexico production site, an investment in a new wastewater treatment plant and water reclaim program permitted the treatment of 125,000m<sup>3</sup> of wastewater. While a portion of the treated effluent is reused on-site, the rest is then shared with the local municipality to support natural ecosystem needs during the dry season.

## 2. PRESERVE WATER RESOURCES AND BIODIVERSITY OF NATURAL ECOSYSTEMS AROUND OUR OPERATIONS

Preserving and optimally managing freshwater-related ecosystems, including groundwater and wetlands, benefits all water users and is vital to sustain the water resources. Since 89% of Danone's water usage is tied to the agriculture from which we source our production inputs, we prioritize the sustainability of our agricultural supply chain and watersheds in which we operate.

Our Water Stewardship and Regenerative Agriculture programs emphasize nature-based solutions, such as agroforestry, wetlands preservation, resilient agriculture practices, and are built upon the inclusive participation of local stakeholders. To sustainably manage and restore ecosystems for the benefit of both nature and communities, our interventions leverage a landscape approach, which addresses not just water use but a variety of environmental, social, and economic objectives within a given territory or watershed. Landscape approaches result in benefits that go beyond the improved sustainability of water resources, including enhanced biodiversity, soil health, and carbon sequestration, as well as social benefits such as improved livelihoods of local communities.

This section covers our complementary approaches to natural ecosystems:

1. Protection and restoration of watersheds
2. Deployment of regenerative agriculture practices

### 2.1 WATERSHEDS

#### Our commitments and approach

We aim to develop collaborative preservation and restoration plans, for 100% of our production sites located in high water stress areas. This corresponds to about 60 watersheds in total<sup>15</sup>. These plans include various activities to minimize environmental degradation while reinforcing the resilience of the ecosystems within our watersheds. Activities include upstream agroforestry to reduce erosion and enhance farmer revenue, development of water access and sanitation initiatives in rural villages, and implementation of water governance actions.

We promote a stakeholder-inclusive approach that recognizes the environmental, social, and economic values of water. In collaboration with universities, local authorities, governments, regulators, companies, suppliers, and local communities, we prioritize transparent governance models. These not only improve equitable water use but also allow all parties to harness the diverse benefits of water sustainability. We believe that such an approach is crucial for optimizing multilateral actions, effectively mitigating water stress, and addressing risks, including destructive floods, unsustainable land use, and biodiversity loss.

The preservation and restoration of water resources in complex natural ecosystems requires action plans based on cutting-edge science and local knowledge, supported by robust data collection and analysis. Since the 1990s, Danone has developed an expertise network of professionals, hydrogeologists, and agronomists dedicated to water resource management, including water processing, wastewater treatment, and water stewardship. We also work with universities, research institutions, and technical solutions providers to cultivate our water expertise, especially as it relates to operations, water stewardship, and regenerative agriculture. We strive to equip our teams, water users, and community of stakeholders with best practices and knowledge, by

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<sup>15</sup> Number based on yearly Water Risk Filter analysis. This corresponds to 2023 results, based on 2022 data. This number can evolve based on data set and total number of production sites.

engaging stakeholders, sharing our expertise, and contributing to various open-source platforms. We believe this is crucial to fostering greater collaboration – wherever we operate, and beyond.

## Our tools and levers for action

Using the WWF Watershed Risk filter, we identify watersheds located in areas with physical water risk, including water scarcity, flooding, water quality and ecosystem services status. The results of this analysis allow us to understand where and how to best intervene across the watersheds in which we operate.

To date, we have integrated watershed management and water stewardship action plans, aligned with the SPRING tool, in over 20 watersheds in which we operate. They include Aguascalientes, Toluca, and Guadalajara – Lerma River watershed (Mexico), Badoit, Volvic, Evian and La Salvetat (France), Lanjaron and Sigüenza in Spain, and Klaten, Pasuruan, Pandaan, Prambanan, West Java with three watersheds and Bali (Indonesia) namely. These initiatives are aligned with the best available science to achieve long-term water security and support public sector objectives to enhance cross-sectoral collaboration. To support these activities, we developed a water stewardship training with the Ramsar Convention on Wetlands and WWF in 2022, called [Bankable Nature Solutions Academy – Unlocking the Private sector potential for preservation and biodiversity](#).

## Initiatives for positive impact

### Evian watershed actions in France

Since 1992, the Evian brand works to guarantee the long-term quality of its watersheds, in partnership with APIEME, the Association for the Protection of the Impluvium of Evian Mineral Water. Created in 1992, the APIEME is a public-private partnership between the Evian brand and the 13 communes around the Evian impluvium. It aims to ensure that the economic development of the region supports the preservation of the water resource<sup>16</sup>.

Together, we conduct regular wetland preservation actions with local stakeholders. The Evian impluvium contains hundreds of wetland areas, which play a key role in biodiversity preservation and water cycle preservation. Although they account for only 6% of the impluvium's surface area, they concentrate over 30% of rain, snow, and runoff water. They therefore help to regulate and purify surface water flow and recharge groundwater resources. As a mark of effectiveness of our collective efforts, the Evian Impluvium in France has been designated by the Ramsar Convention on Wetlands as a site of international importance.

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<sup>16</sup> Following the model of the APIEME, our Volvic brand engages in water resource management through the Environmental Committee for the protection of the Volvic Impluvium (CEPIV). The CEPIV is a public-private partnership which regroups the Volvic brand and the four communes of the Volvic watershed.



### **Landscape and collective actions in Indonesia**

Danone's AQUA brand, Danone Ecosystem, The World Agroforestry Center (ICRAF), Social Investment Indonesia, Rabo Foundation, Gadjah Mada University, Montpellier University and Pasuruan Government joined forces in Indonesia to protect the threatened water-stressed Rejoso watershed through the [Rejoso Kita](#) initiative. Various nature-based solutions were employed from 2016 to 2022 to improve water conditions, mitigate flood risks, and minimize erosion in the upstream part of the watershed. Downstream, the

focus was on sustainable paddy cultivation practices and well management for more efficient water use and healthier rice production.

More than 350 smallholder farmers took part in this initiative. Farm productivity was boosted by 50% and net income of farmers increased by 13%. These changes also benefitted the environment, with water consumption efficiency increasing 30% in the paddy fields. This project also resulted in the creation of a Multi-stakeholders Watershed Forum, to coordinate continued efforts to preserve the watershed's water supply for the benefit of its 1.6 million agricultural and domestic users.

## **2.2 AGRICULTURE IN OUR SUPPLY CHAIN**

### **Our commitments and approach**

We aim to contribute to more sustainable food systems by advocating for regenerative agricultural models based upon the preservation and regeneration of water resources on farms and surrounding landscapes. Doing so improves ecosystem resilience in a holistic manner, enhancing soil health, carbon sequestration, biodiversity regeneration, and water cycle restoration. To this end, we prioritize responsible water management across our supply chain, focusing on both the farmers we work with and the suppliers we directly source from.

With our farmers from whom we source directly, we co-build locally relevant, water-smart solutions, based on regenerative agriculture standards to enhance soil infiltration, soil water retention, and water efficiency, while reducing water pollution and run-off. Solutions include implementing sustainable irrigation techniques, enhanced rainfed practices, and adopting decision systems and monitoring tools to facilitate data collection and continuous improvement plans.

In addition to purchasing directly from farmers, we also purchase from suppliers who act as intermediaries between Danone and the farmers. For these suppliers, our [Sustainable Sourcing Policy](#) helps raise their water-awareness and supports their implementation of regenerative practices in their value chains. Our policy requires our suppliers to comply with efficient water use and nontoxic wastewater discharges, encouraging the implementation of water stewardship strategies and best practices.

To address the volumes sourced from ecosystems facing water risk and to optimize our preservation and restoration activities in these areas, we are committed to ensure that by 2030, 50% of the key water-material ingredient volumes sourced from water-risk areas will be produced under water improved management<sup>17</sup>. This target corresponds to 13 of our 20 most water-material ingredients, which includes fresh milk, fruits, nuts, sugars, starches, and oils. They are primarily sourced from

<sup>17</sup> Requires suppliers to be compliant with Water Requirements of our Sustainable Sourcing Policy. When traceability or access to farm level is possible, farmers are also required to have achieved level 1 of Soil Category and level 2 of Water Category in the [Danone Regenerative Agriculture Scorecard \(DRAS\)](#).

seven priority water-risks countries: Brazil, France, Mexico, Morocco, Poland, Spain, and the United States. We aim to collaborate with local stakeholders to implement and optimize integrated landscape pilot projects to address these key ingredient categories<sup>18</sup>.

### Our tools and levers for action

#### Water Risk Assessment

To identify which interventions will have the greatest positive impact on water resources, we conduct a yearly Water Risk Assessment (WRA) on the agricultural value chains of our products, covering both animal and plant-based ingredients. Similarly, to our WRA for operations, this assessment is based on a double-materiality approach to identify risks and dependencies related to water through our supply chain. By crossing the water impact, sourcing location, and water risk of each ingredient with its relevance to our business, we determine the top 20 water-material ingredients to prioritize for supply chain security. We also map our suppliers' water risk profiles with the Intergovernmental Panel on Climate Change's (IPCC) predictive scenarios to anticipate future risks scenarios and optimize our interventions accordingly.

Based on the results of these assessments, we are working towards establishing a water metrics baseline for our entire value chains in water-risk areas. We will focus on our direct milk supply chain, specifically with regards to feed management, which significantly contributes to our water footprint.

### Initiatives for positive impact

#### Regenerative strawberry farming in Mexico



Danone along with Danone Ecosystem, GIZ (a service provider in the field of international cooperation for sustainable development and international education work), Walmart, NUUP (an organization which improves the livelihoods of smallholder producers) and TechnoServe promote regenerative agriculture practices with farmers in central Mexico, an area of strawberry production that is exposed to high water stress. Through the Madre Tierra project, farmers receive training, technical support, and incentives to improve water management, reduce water usage and secure better-quality yield through decreased pesticide use. These practices boost their competitiveness, improve their working conditions, and strengthen their relationship with their ecosystems, resulting in more sustainable farming. To date, farmers have achieved 50% water savings at farm level and a 30% increase in income, both of which enhance their overall livelihoods.



#### Leading sustainable sourcing and scientific research on almonds in Spain

Danone's leading plant-based brand, Alpro, has committed to source 100% of its almonds from rainfed production in Spain. Rainfed practices offer a less water-intensive, more sustainable alternative to irrigation – especially for almonds, which are a water-intensive crop.

<sup>18</sup> Key ingredient categories include fresh milk, almonds, fruits, sugars, starches, and oils.

To support a resilient almond value chain, Alpro is partnering with smallholder almond farmers in Spain to reinforce their rainfed practices and develop science-based expertise on enhanced rainfed agriculture. Alpro’s involvement as one of the 17 companies participating in the Science Based Targets for Nature (SBTN) pilot will strengthen the brand’s approach to mitigating water stress and other environmental impacts.

**Implementing sustainable milk production systems in Morocco**



A hotspot of climate change, Morocco faces growing water stress that impacts the dairy value chain, primarily due to cereals and feed production disruption. Together with Danone Ecosystem and GIZ Maroc, Danone has launched the [H’lib Bladi](#) project to expand and anchor sustainable milk production in Morocco by improving the revenues of small farmers and milk collection centers, while securing the volume and quality of the milk supply.

Since 2016, the program has trained 3,500 smallholder farmers to implement more resilient dairy systems, focusing on six main levers, including feed support and water access. Based on the results from pilot farms, adopting practices at herd and feed management levels has the potential to unlock a 5% - 10% yield increase per cow.

### 3. SUPPORT COMMUNITIES SURROUNDING OUR OPERATIONS AND PROVIDE WATER ACCESS TO VULNERABLE POPULATIONS

#### 3.1 SUPPORTING COMMUNITIES SURROUNDING OUR OPERATIONS

##### Our commitments and approach

The right to water<sup>19</sup> is a human right and fundamental for human dignity. Yet, two billion people live in countries experiencing high water stress, where water demand has surpassed available supply or where poor-quality limits its usage<sup>20</sup>. Due to demographic and climatic changes, water stress will be exacerbated in some regions of the world. As the global population grows, it is crucial to prioritize improved access to water for people worldwide, particularly for communities directly affected by climate change and extreme weather events.

At Danone, we have a role to play as our operations span across more than 50 countries and 150 plants globally. Like many global businesses, we are conscious that our decisions and actions have a direct impact on the health and livelihoods of the communities surrounding our direct operations.

Locally, we also want to play a positive role in helping communities tackle key issues such as drinking water quality, prevention of water scarcity, and the development of necessary water infrastructure. Leveraging our decades-long expertise in water stewardship and water access, we are rolling out a systematic methodology across all our plants to engage with communities directly

<sup>19</sup> The right to water entitles everyone to have access to sufficient, safe, acceptable, physically accessible, and affordable water for personal and domestic use – United Nations Water

<sup>20</sup> [Water stress – European Environment Agency \(europa.eu\)](#)

on their priority issues. We want to ensure that we have an on-the-ground consultation process covering social, environmental, and health considerations across our entire value chain. This will allow us to tailor our efforts to local contexts and to rely on scientific assessments, comprehensive stakeholder engagement and collaboration, and to work together to design effective and sustainable solutions. By engaging relevant stakeholders, such as policymakers, civil society organizations, Indigenous Peoples and community leaders, this collaborative approach will ensure that our efforts are well-informed, culturally sensitive, and ultimately successful in addressing water-related challenges.

### **Our tools and levers for action**

Recognizing our impact on the environment and communities, we are reinforcing our community engagement through a global methodology and local initiatives for positive impact. In 2022, with the support of Shift, a leading center of expertise on the UN Guiding Principles on Business and Human Rights (UNGPs), we conducted a salient human rights impact assessment which identified 12 salient human rights issues, including “Community access to water”. Based on these findings, we strengthened our overall approach to human rights due diligence.

We acknowledge the cruciality of continuous open dialogue, building trust, and nurturing authentic partnerships with communities. This will ensure that initiatives are not only relevant and inclusive, but also lasting in their impact.

### **Initiatives for positive impact**

- In 1992, the Evian brand in France introduced a unique, local, and sustainable initiative to ensure the quality of natural mineral water Evian. This led to the creation of the Association for the Protection of the Evian Mineral Water Impluvium (APIEME), a public-private partnership involving the Evian brand and the 13 surrounding municipalities. It focuses on three key pillars: supporting sustainable agriculture, preserving wetland areas, and supporting reasoned territorial development. Programs to modernize cheese production and to adopt regenerative agriculture practices have helped support the economic development of local farmers and the preservation of the watershed.
- In Indonesia, Danone helps communities near our 25 production sites by supporting water access and improving agricultural practices, supporting both the environment and local farmers’ incomes. WASH (Water, Sanitation, and Hygiene) programs are implemented in the watershed areas where Danone operates and in regions with limited access to clean water. WASH programs include building clean water and sanitation facilities and providing technical and administrative training. Local communities are in full control of managing the water supply. Between 2021 and 2022, more than 185,000 people directly benefited from these initiatives.
- In southern Poland, where Danone Żywiec Zdrój operates, about 60% of local communities lack access to municipal water. Danone has partnered with the Jeleśnia municipality, conducting surveys, drills, and donating boreholes. Additionally, Danone contributes to a Water Fund aimed at upgrading and maintaining water systems, supporting modernization, extension, and maintenance of water works and networks in the area. Around 5,150 residents benefit from these initiatives.

## 3.2 PROVIDING SAFE DRINKING WATER TO VULNERABLE POPULATIONS

### Our commitments and approach

Access to safe drinking water not only enhances overall health and prosperity but also plays a pivotal role in helping individuals and communities rise out of poverty. The World Health Organization and UNICEF estimate that unsafe drinking water, together with poor sanitation, are a significant cause of disease, leading to higher mortality and stunted growth among children. This disproportionately impacts women and girls, who are responsible for fetching water in seven out of 10 households without supplies on premises<sup>21</sup>. Danone aims to provide safe drinking water access to 20 million people by 2025, through social businesses and initiatives supported by our Danone Communities fund and Water Access Acceleration Fund portfolios.

### Our tools and levers for action

#### WASH Pledge

Regarding our own operations, Danone renewed the WASH Pledge for Access to safe Water, Sanitation and Hygiene at the Workplace, developed by the World Business Council for Sustainable Development (WBCSD) in 2022. As a part of this commitment, production sites review their site compliance with WASH Pledge requirements on an annual basis and must reach a 90% score to comply.

#### Our funds for safe drinking water

- **Danone communities:** A patient capital fund launched in 2007, Danone Communities, empowers social entrepreneurs who provide quality food and safe drinking water to vulnerable populations through local businesses and innovative solutions. The fund offers long-term financial support, expertise, networks, and business guidance to our portfolio companies, facilitating sustainable social and environmental impact. In 2024, the portfolio contains 11 Safe Drinking Water companies, employing innovative approaches such as decentralized water treatment plants, and household and community water filters. These companies offer affordable water solutions to individuals with limited financial resources. Additionally, in certain regions, these models help reduce carbon emissions by eliminating the need to boil water for safe consumption. In 2023, the social businesses that Danone Communities supports provided daily access to safe drinking water to 10,3M people.
- **Water Access Acceleration Fund:** Building on Danone Communities' expertise, Danone selected Incofin to manage the Water Access Acceleration Fund (W2AF), which has been launched in 2023. This inaugural water-focused blended finance impact fund aims to enhance social impacts and stimulate investments in a historically underfinanced sector. In collaboration with organizations like development banks, banks or foundations, the fund supports safe drinking water businesses that have reached a certain maturity level but still hold significant growth potential. In October 2023, W2AF made its first investment in Rite Water Solutions Pvt Ltd in India, which is already providing sustainable, cost-effective drinking water solutions to over two million low-income individuals in rural areas plagued by contaminated water sources.

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<sup>21</sup> World Health Organization - Progress on household drinking-water, sanitation, and hygiene 2000-2022: Special focus on gender



## Initiatives for positive impact

### Nazava, affordable household water filters in Indonesia



In Indonesia, Danone Communities invested in Nazava, a social enterprise that produces and sells affordable high-quality water filters to low-income households. The importance of point-of-use water treatment is clear from a recent UNICEF study which found that 70% of nearly 20,000 household drinking water sources were contaminated by fecal waste, leading to the spread of diarrheal diseases, a major cause of death in children under five<sup>22</sup>.

In 2023, Nazava provided safe drinking water access to nearly 500,000 people, significantly improving their health. In partnership with our AQUA brand, Nazava has also supplied 350 schools with water filters, granting 80,000 children access to safe drinking water. A post-evaluation study revealed a threefold increase in water intake among these children. Another study has shown that improving access to safe drinking water in schools has reduced absenteeism by as much as 75%, lowering the risk of waterborne diseases among the students<sup>23</sup>.

### Naandi Community Water Services



In India, where access to safe drinking water remains a critical challenge affecting the health and lives of millions of people, Danone Communities has invested in Naandi Community Water Services.

Naandi Water installs and operates a network of 220 water kiosks in regions where the existing sources of drinking water are contaminated and unfit for consumption. Naandi oversees every aspect of the model, from location selection and equipment procurement to quality assurance, awareness-building, behavior change initiatives, and community training. Mobilization at the community level is Naandi's unique approach. They engage intensively with local communities to establish value for water by treating the underserved like customers. As a result, they provide safe, reliable, and affordable drinking water to 600,000 people every day. Their B Corp certification recognizes their significant social and environmental impact.

## 4. OUR GOVERNANCE ON WATER AMBITIONS

Our governance empowers key functions to take responsibility for water actions and programs within their expertise, ensuring alignment towards shared objectives.

Our sustainability strategy, the Danone Impact Journey, which includes nature and water topics, is overseen by two internal committees supervised by Danone's Chief Sustainability Officer and Business Development, and is composed of key function heads:

- **The Global Impact Committee** includes the Chief Operations Officer, the Chief Human Resources, the Chief Research & Innovation, Quality and Food Safety Officer, Deputy CEO, Finance, Technology & Data, all members of our Executive Committee. It is responsible for

<sup>22</sup> <https://www.who.int/indonesia/news/detail/15-11-2021-improving-access-to-safe-drinking-water-in-indonesia>

<sup>23</sup> Impact of the Provision of Safe Drinking Water on School Absence Rates in Cambodia: A Quasi-Experimental Study, 100fontaines, 2014

tracking and steering the implementation of the Danone Impact Journey, specifically our transformation programs such as positive impact on healthier hydration, water reduction and regenerative agriculture.

- **The Global Engagement Committee**, composed of Danone’s General Secretary and Deputy CEO, Finance, Technology & Data, as members of our Executive Committee, oversees sustainability reporting and both internal and external engagement.

Our progress on our water ambitions is also subject to regular review by key company governance bodies, including an annual review by our Board of Directors and the CSR Committee of the Board. Our commitment to safeguarding water, is integrated at all levels—global, regional, and local—ensuring it is reflected throughout the company.

At corporate level, the Sustainability team is responsible for designing and coordinating the nature-related strategy.

- Operations and Research & Innovation teams design the roadmaps, ensure proper fundings with finance department and deploy action plans with functions and categories, leading the programs and managing the performance.
- At operation level, Water key performance indicators and action plans are implemented and tracked by key functions as part of their managerial routines and roadmaps.

## 5. OUR EXTRA-FINANCIAL PERFORMANCE

- We measure our performance and report on our progress in Danone’s Integrated Annual Report and the Universal Registration Document, available in the Investor Relations Section of the danone.com website. We will also rely on external evaluations by organizations such as the ECPI, FTSE4GOOD, and CDP.
- From 2019 to 2023, Danone was one of only 10 companies to achieve a triple-A rating from CDP, an international NGO assessing over 21,000 companies. This rating recognizes Danone as an environmental preservation and restoration leader, especially in water management. It reflects our commitment to water stewardship and encourages us to further fortify our resilience in a future marked by climate and demographic challenges, with water as a vital force for social and climate justice.

## IN CONCLUSION :

This Water Policy sets standards and commitments around our integrated, multi-stakeholder approach to foster sustainable water management. It sets the foundation for our ~90,000 colleagues worldwide and our broad network of stakeholders to drive change for the preservation, restoration, and regeneration of this uniquely vital resource, both at local and global level. We are eager to contribute to the resilience and sustainability of water resource systems, as well as the food systems and communities that depend on them.