DANONE FOREST POLICY UPDATES ON KEY CATEGORIES
March 2019

Danone is committed to eliminating deforestation from its supply chain by 2020. We signed the New York Declaration on Forests and support the Consumer Goods Forum (CGF) resolution to achieve zero net deforestation in key commodity sectors by end 2020.

In addition, we issued our Forest Policy in 2012. To clarify our global strategies on key materials and ingredients, we issued our Paper & Board Policy in 2012, Soy Policy in 2014, and Palm Oil Policy in 2015. We are participating in alliances that further collaboration and progress towards zero deforestation, including: the Roundtable on Sustainable Palm Oil (RSPO); the Palm Oil Innovation Group (POIG); the Southeast Asia Alliance for Sustainable for Palm Oil (SASPO); the North America Sustainable Palm Oil Network (NASPON); and Roundtable on Sustainable Soy (RTRS).

The update below provides a snapshot of where we are on our roadmaps to date.[1]

CATTLE: FRESH MILK

Our approach to milk sourcing is both:
- regenerative, meaning we promote farming practices that improve the health of local ecosystems by strengthening soil carbon sequestration, reducing water use and preserving biodiversity; and
- local, meaning we work directly with 58,000 dairy farms, over 90% of which own fewer than ten cows.

In 2018, we sourced around 5,223K tons of fresh milk. The sourcing breakdown by region is as follows:
  30% from Europe
  26% from CIS[2]
  15% from USA and Canada
  14% from Africa
  13% from LATAM
  1,1% from Asia/Middle East

Below is more detailed information by country.

In Brazil and Argentina, where there is a risk of deforestation, we source milk exclusively regions which are not at risk, namely:
- Ceará and Minas Gerais regions in Brazil; and
- Abasto Sur, Mar y Sierras and occasionally elsewhere in the Buenos Aires and Sante Fe province in Argentina.

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[1] Volumes listed are based on 2018 data.

[2] Commonwealth of Independent States

Region	Countries	% of dairy farms in Danone supply chain
Africa	Algeria	1,3%
Africa	Egypt	4,4%
Africa	Morocco	86,6%
Africa	South Africa	0,02%
AME	Turkey	0,18%
CIS	Russia	0,5%
CIS	Ukraine	0,1%
EUR	Belgium	0,2%
EUR	France	3,3%
EUR	Germany	0,6%
EUR	Poland	0,3%
EUR	Romania	0,3%
EUR	Spain	0,4%
Latam	Argentina	0,2%
Latam	Brazil	0,4%
Latam	Mexico	0,5%
Noram	Canada	0,1%
Noram	USA	0,7%

SOY

Direct sourcing

Danone sources 72K tons of soybeans directly, for use in our plant-based products in Europe (Alpro) and North America, from areas that are not at risk for deforestation.

- 60% of soybeans used by Alpro are grown in Europe (France, Austria, Italy, Netherlands, Belgium), and the remaining 40% come from Canada. 100% of Alpro soybeans are ProTerra certified, covering environmental, social and non-GMO criteria. About 20% are also organic, and 80% are conventional.
- Soybeans used by Danone North America are grown in the United States; over 2/3 of are non-GMO Project Verified and 1/3 are Certified Organic. The specific origin is as follows:

	Volume (lbs)	Processing Origin
Non-GMO Beans	19,273,197	Deshler, OH & Mule Shoe, TX
Organic Beans	8,581,860	Deshler, OH

Indirect sourcing

Danone uses an estimated 900K tons indirectly for cow feed (though soy represents less than 5% of the feed rations for Danone dairy cows, which are mostly grass- and grain-fed).

Soy used for animal feeding in the United States and Latin America is purchased locally from regions that are low-risk for deforestation.
- 100% of soy purchased in the United States is grown there.
- Regarding Latin America :
  - Brazil : 100% of soy used by the farms where we source milk comes from Minas Gerais State (not a zone at risk for deforestation, with no HCS or HCV). Soy used for 85% of milk we source comes from the Central de Compras facility managed by Danone Brazil, which traces and maintains documentation on soy origin (See Annex 1 for a full list of municipalities). Our aim is for 100% of the milk farmers in our supply chain to use this facility.
  - Argentina : 100% of soy used for animal feed is grown in the Buenos Aires province, which is not at risk for deforestation. See Annex 2 for list for locations of soy grown by the largest supplier (cooperative) to the farms where we source milk.

Danone led a traceability exercise with Transparency for Sustainable Economies (Trase) to determine the risk linked to soy imported to Europe, Russia and Africa for animal feeding. Based on this study, we estimate that 20% of the soy used for animal feeding in Europe, Russia and Africa is imported from zones where there is a risk of deforestation. Our strategy to minimize this risk is to work with farmers to transition to local soy/soy alternatives. We aim to achieve this transition by December 31, 2020.

At the end of 2020, if there are still soy volumes used by dairy farmers in our supply chain which could be coming from zones at risk, Danone will continue its efforts to localize animal feed production, while working with RTRS to purchase credits that support the transition to sustainable soy.

PAPER

Danone sources around 580K tons of paper and board each year.

71% of paper we use (415K t) is recycled, as our first preference is for recycled fibers. When this is not the case, we aim to buy our virgin paper from certified sources, in line with the Danone Paper & Forest policy.

We have a strong preference for the FSC (Forest Stewardship Council) certification, but this certification is not available in all countries. In these cases, we work with our suppliers to select certifications that are aligned with our own policy and ensure that forests are managed in a sustainable manner. In total, 72% of the virgin paper we purchase (=118kt of 165kt) is certified (FSC, SFI, PEFC, etc). The remaining uncertified volumes are due in large part to the 2017 acquisition of WhiteWave, which were not certified but which we are moving towards PEFC certification.

Our focus has been in large part on recycled and certified fibers as a protection against deforestation, but we are working towards full traceability for our virgin paper supply. To date we confirm that our virgin volumes (certified and uncertified) are coming from the following countries:
- 70.039t are from the US (=42 %)
- 11.388 are from Sweden (=6,9%)
- 6.495 t are from Finland/Sweden (3,9%)
- 6.478 t are from Brazil (3,9%)
- 5.559 t are from Russia (=3,4%)
- 1.656 t are from Germany (=1%)
- 1.684 t are from Canada (=1%)

- 905t are from Poland (=0,6%)
- 44t from south Africa (0,03%)
- 773 t are from UK (0,5%)
- 593 t are from Austria (0,4%)
- 493 t are from France (0,3%)
- 114 t are from Thailand (0,1%)
- 186 t are from Netherlands (0,1%)
- 120t are from Columbia (0,1%)
- 144t are from China (0,1%)
- 58 t are from Mexico (0,04%)

PALM OIL

Danone consumes around 71K tons of palm oil and palm oil derivatives worldwide per year (2018 figure), making us a relatively small consumer in the consumer goods sector.

For its Specialized Nutrition products, Danone sources 100% physically segregated palm oil certified by RPSO, meaning it is traceable to plantation level. For palm oil used in the United States, linked to the 2017 acquisition of WhiteWave, we source 100% RSPO mass balance palm oil.

Danone published its supply chain details (tiers 1 suppliers and mills) previously, as part of its commitment to transparency: see https://www.danone.com/content/dam/danone-corp/about-us-impact/policies-and-commitments/en/2018/2015_Palm_Oil_Policy_Updated2018.pdf

When allegations of noncompliance against palm oil producers arise, we carry out an investigation with support from internal and external experts. If the producers are confirmed as noncompliant, we work with our Tier 1 suppliers to suspend them until they demonstrate concrete progress vis-à-vis our Palm Oil Policy.

We are awaiting an updated mapping from our partner Earthworm (formerly The Forest Trust) and will update this information.

ANNEX 1:

Municipalities where soy used for Central de Compras animal feed is sourced

ABADIA DOS DOURADOS
ABAETE
ABRE CAMPO
ACAIACA
AGUA COMPRIDA
AGUANIL
AIURUOCA
ALEM PARAIBA
ALFENAS
ALPINOPOLIS
ALTEROSA
ALVINOPOLIS
ANDRADAS
ANDRELANDIA
ANTONIO CARLOS
ARACUAI
ARAGUARI
ARAPORA
ARAPUA
ARAXA
ARCEBURGO
ARCOS
AREADO
ARINOS
BAMBUI
BANDEIRA DO SUL
BARAO DE COCAIS
BELO HORIZONTE
BETIM
BIQUINHAS
BOA ESPERANCA
BOM DESPACHO
BOM JESUS DA PENHA
BOM SUCESSO
BONFIM
BONFINOPOLIS DE MINA
BONITO DE MINAS
BORDA DA MATA
BRASILANDIA DE MINAS
BRASOPOLIS
BRUMADINHO

BURITIS
BURITIZEIRO
CABECEIRA GRANDE
CACHOEIRA DOURADA
CAETANOPOLIS
CALDAS
CAMBUQUIRA
CAMPANHA
CAMPINA VERDE
CAMPO BELO
CAMPO FLORIDO
CAMPOS ALTOS
CANA VERDE
CANAA
CANAPOLIS
CANDEIAS
CAPETINGA
CAPINOPOLIS
CARANAIBA
CARANDAI
CARATINGA
CARMO DA CACHOEIRA
CARMO DA MATA
CARMO DE MINAS
CARMO DO CAJURU
CARMO DO PARANAIBA
CARMO DO RIO CLARO
CARMOPOLIS DE MINAS
CARRANCAS
CASA GRANDE
CASCALHO RICO
CASSIA
CAXAMBU
CENTRALINA
CHAPADA GAUCHA
CLAUDIO
COMENDADOR GOMES
CONCEICAO DAS ALAGOA
CONCEICAO DO RIO VER
CONQUISTA
CONTAGEM
COQUEIRAL
CORDISLANDIA
CORINTO
COROMANDEL
CORONEL XAVIER CHAVE

CRISTAIS
CRUZEIRO DA FORTALEZ
CRUZILIA
CURVELO
DELFINOPOLIS
DELTA
DESCOBERTO
DESTERRO DE ENTRE RI
DIVINOPOLIS
DIVISA NOVA
DOM BOSCO
DOM SILVERIO
DOURADOQUARA
ELOI MENDES
ENTRE RIOS DE MINAS
ESMERALDAS
ESTRELA DO SUL
EXTREMA
FELIXLANDIA
FORMIGA
FORMOSO
FRONTEIRA
FRUTAL
GRUPIARA
GUAPE
GUARDA-MOR
GUAXUPE
GUIMARANIA
GURINHATA
IBIA
IBIAI
IBIRACI
IGARAPE
IGARATINGA
IGUATAMA
IJACI
ILICINEA
INDIANOPOLIS
INGAI
INHAUMA
IPATINGA
IPIACU
IRAI DE MINAS
ITABIRA
ITABIRITO
ITACARAMBI

ITAGUARA
ITAMOGI
ITAMONTE
ITANHANDU
ITAPAGIPE
ITAPECERICA
ITAU DE MINAS
ITAUNA
ITUIUTABA
ITUMIRIM
ITURAMA
ITUTINGA
JACUI
JACUTINGA
JAIBA
JANAUBA
JEQUITAI
JESUANIA
JOANESIA
JOAO PINHEIRO
JURUAIA
LAGAMAR
LAGOA DA PRATA
LAGOA DOURADA
LAGOA FORMOSA
LAGOA GRANDE
LASSANCE
LAVRAS
LIBERDADE
LIMEIRA DO OESTE
LUMINARIAS
LUZ
MACHADO
MADRE DE DEUS DE MIN
MANGA
MANHUACU
MARAVILHAS
MARIANA
MARIO CAMPOS
MARTINHO CAMPOS
MATEUS LEME
MATIAS CARDOSO
MATUTINA
MEDEIROS
MINAS NOVAS
MINDURI

MOEMA
MONSENHOR PAULO
MONTALVANIA
MONTE ALEGRE DE MINA
MONTE CARMELO
MONTE SANTO DE MINAS
MONTE SIAO
MONTES CLAROS
MORADA NOVA DE MINAS
MORRO DA GARCA
MUTUM
MUZAMBINHO
NANUQUE
NATALANDIA
NAZARENO
NEPOMUCENO
NOVA PONTE
NOVA SERRANA
OLIVEIRA
ORATORIOS
PAINS
PAPAGAIOS
PARA DE MINAS
PARACATU
PARAGUACU
PARAOPEBA
PASSA QUATRO
PASSOS
PATOS DE MINAS
PATROCINIO
PEDRA DO ANTA
PEDRA DO INDAIA
PEDRINOPOLIS
PERDIGAO
PERDIZES
PERDOES
PIEDADE DE CARATINGA
PIEDADE DO RIO GRAND
PIMENTA
PIRAJUBA
PIRANGUINHO
PIRAPORA
PITANGUI
PIUMHI
PLANURA
POCOS DE CALDAS

POMPEU
PONTE NOVA
POUSO ALEGRE
POUSO ALTO
PRADOS
PRATA
PRATAPOLIS
PRATINHA
PRESIDENTE OLEGARIO
RAUL SOARES
RIACHINHO
RIBEIRAO DAS NEVES
RIBEIRAO VERMELHO
RIO CASCA
RIO PARANAIBA
RITAPOLIS
ROMARIA
SACRAMENTO
SALINAS
SANTA BARBARA DO TUG
SANTA FE DE MINAS
SANTA JULIANA
SANTA LUZIA
SANTA MARGARIDA
SANTA RITA DE CALDAS
SANTA RITA DO SAPUCA
SANTA VITORIA
SANTO ANTONIO DO MON
SAO BENTO ABADE
SAO FRANCISCO
SAO FRANCISCO DE SAL
SAO GONCALO DO ABAET
SAO GONCALO DO PARA
SAO GONCALO DO SAPUC
SAO GOTARDO
SAO JOAO BATISTA DO
SAO JOAO DEL REI
SAO JOAQUIM DE BICAS
SAO ROMAO
SAO ROQUE DE MINAS
SAO SEBASTIAO DO OES
SAO SEBASTIAO DO PAR
SAO SEBASTIAO DO RIO
SAO THOME DAS LETRAS
SAO TIAGO
SAO TOMAS DE AQUINO

SAO VICENTE DE MINAS
SERRA DA SAUDADE
SERRA DO SALITRE
SETE LAGOAS
SOLEDADE DE MINAS
TAIOBEIRAS
TAPARUBA
TAPIRA
TIRADENTES
TIROS
TOLEDO
TOMBOS
TRES CORACOES
TRES MARIAS
TRES PONTAS
TUMIRITINGA
TUPACIGUARA
UBERABA
UBERLANDIA
UNAI
URUANA DE MINAS
URUCUIA
VARGINHA
VARJAO DE MINAS
VARZEA DA PALMA
VAZANTE
VERDELANDIA
VERISSIMO
VIRGEM DA LAPA
VIRGINIA
VISCONDE DO RIO BRAN

ANNEX 2:

Municipalities where soy used for animal feed by the largest supplier to our farms in Argentina is sourced

ORIGEN	TONS	(%)	kms a Planta
Tandil	480	41,74%	30
Rauch	186	16,17%	92
Benito Juarez	210	18,26%	80
Azul	120	10,43%	115
Ayacucho	65	5,65%	65
Balcarce	89	7,74%	105
TOTAL	1.150 Tons		Prom pond 65,8