



MEMBER ANNUAL PROGRESS REPORT 2019



Industry, Trade and
Finance Constituency



DANONE

CONSTITUENCY INDUSTRY, TRADE AND FINANCE

Date: 31/03/2020

Primary contact responsible for the institutional commitment to RTRS
(name, e-mail, phone number, office address)

→ Mrs. Flore Augé, flore.auge@danone.com +33 6 20 40 47 94
17 bd Haussmann, 75009 Paris, France

Person reporting
(if different)



Please state what the main activities of your organization are, both overall and those specifically linked to soy production:

→ Dedicated to bringing health through food to as many people as possible, Danone is a leading global food & beverage company building on health-focused and fast-growing categories in 3 businesses: Essential Dairy & Plant-Based, Waters and Specialized Nutrition. Danone aims to inspire healthier and more sustainable eating and drinking practices, in line with its 'One Planet. One Health' vision which reflects a strong belief that the health of people and that of the planet are interconnected. To accelerate the food revolution and create superior, sustainable, profitable value for all its stakeholders, Danone has defined nine 2030 Goals, aligned with the Sustainable Development Goals (SDGs) of the United Nations. Danone commits to operating in an efficient, responsible and inclusive manner, as reflected by its ambition to become one of the first multinationals certified as B Corp™. With more than 100,000 employees, and products sold in over 120 markets, Danone generated €25.3 billion in sales in 2019. Danone's portfolio includes leading international brands (Actimel, Activia, Alpro, Aptamil, Danette, Danio, Danonino, evian, Nutricia, Nutrilon, Volvic, among others) as well as strong local and regional brands (including AQUA, Blédina, Bonafont, Cow & Gate, Horizon, Mizone, Oikos, Prostokvashino, Silk, Vega).

Danone is committed to leading the battle against climate change by putting climate actions even more at the core of its growth model, joining people's fight for climate and nature with the power of its brands. Danone is one of only 6 companies worldwide with a 'triple A' score by CDP in recognition of its leading environmental efforts to tackle climate change, fight deforestation and protect water cycles.

Listed on Euronext Paris and on the OTCQX market via an ADR (American Depository Receipt) program, Danone is a component stock of leading sustainability indexes including the Dow Jones Sustainability Indexes, Vigeo Eiris, Sustainalytics, the Ethibel Sustainability Index, MSCI Global Sustainability, MSCI Global SRI Indexes, the FTSE4Good Index and Bloomberg Gender Equality Index.

Please state in which regions the organization operates

→ 120 countries

Is the person reporting for the entire organization or a specific region? (please, state which one)

→ Entire organization for EDP division (Essential Dairy and Plant-based products)

What is the organization's policy on soy

please provide link if available



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→ https://www.danone.com/content/dam/danone-corp/danone-com/about-us-impact/policies-and-commitments/en/2014/2014_05_12_DanoneSoyPolicy.pdf

OPERATIONS RELATED TO SOY

What is your organization's annual soy footprint?

Please state direct use and indirect, in tonnes

→ DIRECT SOY:

By 2019, Danone sources 56K 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. More specifically, Danone sources 44K tons of soybeans directly for Alpro, and 12K tons for Danone North America.

- 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 15% are also organic, and 85% are conventional.
- Soybeans used by Danone North America are grown in the United States; over 2/3 of which are non-GMO Project Verified and 1/3 are Certified Organics.

→ INDIRECT SOY:

Indirectly, around 900K tons of soy were used in cow feeding (fresh milk production). Though soy represents less than 5% of the feed ratios 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 not under deforestation risk. We estimate that 20% of soy used for animal feeding in Europe, Russia and Africa could be imported from zones where there is a risk of deforestation.

Do you have a system for calculating your (direct and indirect) production, purchase, trade or use of soybeans or derivatives?

→ DIRECT SOY (for plant-based products). Danone knows volume purchase thanks to Procurement team.

→ INDIRECT SOY (for animal feeding of cows in dairy farms). 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 to produce fresh milk. 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 could be a risk of deforestation.

What is the total volume of your (direct) soy use (beans, meal, oil, hulls, lecithin, derivatives).

Please specify per category and specify the scope, where relevant (national/international, own brands/all brands, etc)

→ DIRECT SOY:

By 2019, Danone sources 56K 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. More specifically, Danone sources 44K tons of soybeans directly for Alpro, and 12K tons for Danone North America.

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What is the total volume of your (indirect or embedded) soy use (beans, meal, oil, hulls, derivatives, e.g. in feed for animal products)

Please specify per category

→ Scope: Indirect soy in Animal feeding for cows (Fresh milk).

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).

Other relevant information on this topic

→ 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:

- o 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.

- o 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 could be a risk of deforestation. Our strategy to minimize this risk is to work with farmers to transition to local soy/soy alternatives. 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.

OPERATIONS RELATED TO RTRS SOY¹

Segregated	Mass Balance	Credits
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¹ Where 'soy' is mentioned this refers to all products (beans, oil, meal, hulls, lecithin, derivatives, etc.) and both direct and indirect use.



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RTRS Certified Soy Purchased/used in 2019	0	0	0
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Did you purchase this yourself directly or did your supplier do this? If your supplier did so, how did you specify and verify this?



What type of products do you use RTRS soy for?

(Specify supply chain options), direct and indirect.



Did your organization make any public claims related to the production, trade and purchase of RTRS soy?

Please provide link.

→ Danone Soy Policy published in 2014

[https://www.danone.com/content/dam/danone-corp/danone-com/about-us-impact/en/2014/2014_05_12_DanoneSoyPolicy.pdf](https://www.danone.com/content/dam/danone-corp/danone-com/about-us-impact/policies-and-commitments/en/2014/2014_05_12_DanoneSoyPolicy.pdf)

Other relevant information on this topic

→ Danone Forest Policy Updated per commodities published in March 2019

<https://www.danone.com/content/dam/danone-corp/danone-com/about-us-impact/2019%20Forest%20Policy%20Update.pdf>

TIME BOUND PLAN FOR RESPONSIBLE SOY

What date did your organization start, or does it plan to start using or supporting RTRS soy via purchases?
(including all supply chain options)

→ We announced our strategy in 2014 (Danone Soy policy). 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.

Does your organization expect to use 100% RTRS soy?

If so, by when?

→ NO. Danone also promotes local soy in different regions where we produce milk (Europe, Russia.)

What milestones has your organization defined for its responsible soy use?

Please state annual targets/strategies, including its 2020 target if applicable.

→ We announced our strategy in 2014 (Danone Soy policy). 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.

Please quantify your commitment or estimated purchase/use of Certified Responsible Soy in the table below

(tonnes)	2018			2019			2020		
	Segregated	Mass Balance	Credits	Segregated	Mass Balance	Credits	Segregated	Mass Balance	Credits
Direct use									
Indirect use									
TOTAL			0			0			around 100K RTRS Credits (to)



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									be confirmed)
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Other relevant information on this topic



MEMBERSHIP & PROMOTION

How did your organization provide information about its RTRS membership to internal and/or external audiences?

- We mention RTRS membership in our communications linked to deforestation and soy such as CDP Report, Danone Integrated Report, Reference document, other extra-financials reports.

How did your organization support or promote RTRS?

E.g. what internal and external activities were organized?

- We mention RTRS membership in our communications linked to deforestation and soy such as CDP Report, Danone Integrated Report, Reference document, other extra-financials reports.

Did the organization proactively encourage other companies (supplier, customer, and colleague) to support or become members of the RTRS?

If so, please specify.

- We mention RTRS membership when we discuss soy and or deforestation commitments with our suppliers, NGOs and other partners

Other relevant information on this topic



OTHER SUPPORT ACTIVITIES

Did your organization provide support towards RTRS certification for producers, such as training, in producing countries?

If so, please specify.

- NO

Did your organization raise/contribute funds in order to support capacity building and other activities? If so, please specify which organization were supported, the nature of the activities and the amount of funds that were contributed

- We issued our Soy Policy in 2014. In addition, we are participating in alliances that further collaboration and progress towards zero deforestation, including the Roundtable on Sustainable Soy (RTRS), the Cerrado Manifesto, Soy working group of Consumer Good Forum at the worldwide level. In France, we are also an active member of the Soy working group led by WWF France.

Did your organization participate in RTRS working groups or courses?

If so, please specify.

- We participated in RTRS Event in 2017, 2018 and 2019.

Other relevant information on this topic



OTHER COMMENTS

