

# FOREST UPDATE ON KEY CATEGORIES



## 2021 DATA

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Danone is committed to eliminating deforestation from its supply chain. We have taken significant steps to meet this commitment over the years. In 2012, we issued our Forest Policy, committing to No Deforestation, No Peat, No Exploitation (NDPE) supply chain by 2020\*. 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. In 2014, we signed the New York Declaration on Forests. Finally, we participated actively in the Consumer Goods Forum (CGF) resolution to achieve zero net deforestation and conversion in key commodity sectors.

As a member of CGF Forest Positive coalition, Danone endorses a new theory of change - representing the coalition's ambition to transition towards becoming forest positive businesses. It encompasses two main strategies: the first focuses on supply chain management and the second on collaboration. By transitioning from deforestation- and conversion-free supply chains to deforestation- and conversion-free businesses, the coalition aims to accelerate efforts to remove deforestation from entire supply chains and production operations. Additionally, in taking a more integrated land use approach instead of pursuing siloed, uncoordinated initiatives, the coalition aims to encourage more transformational changes in key production landscapes through stakeholder collaboration.

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 North America Sustainable Palm Oil Network (NASPON); and Roundtable on Sustainable Soy (RTRS).

*\*Our original commitments for 2020 have been extended. In 2020 Danone started to renew its commitment to Deforestation Conversion Free beyond 2020, aligned with Accountability Framework Initiative (AFI). In parallel to managing global supply chain challenges due to the pandemic and economic crisis, in 2021 we focused on aligning the ambitions with the internal teams such as procurement, suppliers and operations. The new policy will bring balancing Pro Nature & Pro People to the fore and will be disclosed in due course.*

The update below provides a snapshot of where we are on our roadmaps to date.<sup>1</sup>

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<sup>1</sup> Volumes listed are based on 2021 data.



## 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, by reducing water use and preserving biodiversity, and by empowering a new generation of farmers and respecting animal welfare

> local, meaning we work directly with more than 59 000 dairy farms, over 90% of which own fewer than 25 cows.

Danone supports dairy farmers by providing them with training and technical support to transform their practices while ensuring the viability of their business models. For example, the Farming for Generations alliance, which was created in 2019 and in which Danone participates, has identified 75 best practices and innovations across various farming models, farm sizes and geographic areas. Through the Sustainable Dairy Partnership, the Company has continued to work for a more sustainable dairy industry by supporting the prevention of deforestation, the protection of human rights and animal welfare, as well as compliance with local legislation.

In 2021, we sourced around 5 600 ktons of fresh milk. The sourcing breakdown by region is as follow:

26% from Europe

23% from CIS<sup>2</sup>

29% from USA and CANADA

10% from LATAM

11% from other regions (Asia/Middle East, Africa)

In Brazil and Argentina, where there is a risk of deforestation, we have conducted extensive risk assessment incl. animal feed:

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<sup>2</sup> Commonwealth of Independent States

- Ceará and Minas Gerais regions in Brazil;
- Abasto Sur, Mar y Sierras and occasionally elsewhere in the Buenos Aires and Sante Fe province in Argentina

We do not disclose specific farmer names and locations to protect personal information, in accordance with General Data Protection Regulation in place as of May 5, 2018, and other personal data privacy laws.

## Beef

2021 is the first year we report on the volumes of beef. Danone sourced around 656 tons of beef in 2021.

Country of Origin	Volumes (metric tons)
Ireland	295
France	213
Spain	139
Italy	4
USA	3
Russia	1
<b>Total</b>	<b>656</b>



## SOY

### Soy Ingredients (“Direct” sourcing)

100% of Danone's direct sourcing of soybeans for plant-based products is traceable up to farm level. Danone met its target by sourcing fully traceable and deforestation free soy.

By 2021, Danone sources 66 ktons of soybeans directly, for use in our plant-based products in Europe (Alpro) and North America, from areas that are not at risk of deforestation. More specifically, Danone sources 53 ktons of soybeans directly for Alpro, and 13 ktons 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.

- Soybeans used by Danone North America are grown in the United States with a small % from Canada; over 2/3 of which are non-GMO Project Verified and 1/3 are Certified Organic.

**DIRECT SOY SOURCING COUNTRIES**

Country	% Volume by country of origin
Canada	39%
France	36%
United States	20%
Italy	5%

**Soy for Animal Feed (“Indirect” sourcing)**

In order to reach compliance with deforestation free goals, Danone has implemented since 2017, MRV (Monitoring, Reporting, Verification) system through evaluation country by country with Cool farm tool/Cap2ER the amount and origin of soybeans used by our farmers. Our strategy to minimize the deforestation risk and improve the tracking includes:

- Continuing our work on traceability and origins of indirect soy. The CGF Forest Positive coalition published its Soy roadmap in November 2020 and one of the key actions are traceability and accountability;
- Encourage the local protein rich crops alternatives versus imported soy, when possible, seeking to promote farmers' feed production autonomy.
- Promoting sourcing from deforestation-risk-free countries (India, USA...).
- If soy originates from high-deforestation risk countries in South America, i) ensure traceability from deforestation-free areas ii) promote the use certification standards minimum Mass Balance or Area Mass balance. (eg. ProTerra or RTRS standards)
- Helping drive change at a global scale through the multi-stakeholders' initiatives (CGF, the Sustainable Agriculture Initiative etc).

At the end of 2021, Danone has analysed soy sourcing for 85% of its milk volume, and total soy-based feed (soybean meal, soy hull, soy concentrates) accounts for less than 5% of the feed consumed by the dairy cows in its supply chain which are mostly grass- and grain-fed (85% of diet).

The total soy-based products fed to cows is 330 ktons, of which 73% (240Ktons) measured through data collection and 27% (90 ktons) extrapolated. The total measured volumes 240 ktons are net deforestation free: 36% is from low-risk origin, 9%

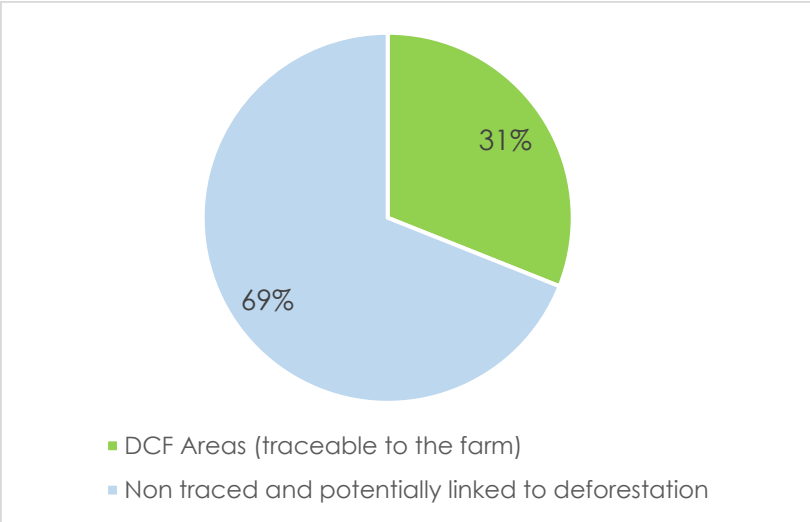
is certified (Mass balance or Area Mass balance), and the remaining 55% potentially at risk are compensated through RTRS book and claim credits.

In 2022, Danone started mapping of soy feed for the remaining 15% of milk volumes equivalent to 27% of soy volume.

**INDIRECT SOY FOR FEED SOURCING COUNTRIES:**

Country/regions of soy production	% Soybean meal volume
Noram	26%
Europe + CIS	10%
Rest of the word (other low risk countries)	3%
Brazil	18%
Argentina	15%
Paraguay	1%
other not assessed yet**	27%

Out of soy volumes from LATAM:



*\*Our original commitments for 2020 have been extended. In 2020 Danone started to renew its commitment to Deforestation Conversion Free beyond 2020, aligned with Accountability Framework Initiative (AFI). In parallel to managing global supply chain challenges due to the pandemic and economic crisis, in 2021 we focussed on aligning the ambitions with the internal teams such as procurement, suppliers and operations. Where the current policy focuses on Pro Nature, the new one will balance Pro Nature & Pro People. It will have more concise commitments, including eliminating conversion of natural ecosystems, remediation and restoration and cut-off dates. The new policy will be disclosed in due course.*

*\*\*work in progress to complete mapping full milk supply in 2022.*



## PAPER

Recognizing that the pulp & paper industry has contributed to tropical deforestation, it is essential that the management of timber plantations does not come at the expense of forests, peatlands and local populations. Danone committed in 2012 to NDPE paper supply chain by 2020\*. The best way to prevent deforestation from Danone's supply chain is by sourcing mainly recycled paper, and when virgin paper is necessary, to source only certified paper. Danone has the target of purchasing 100% either recycled paper or certified virgin paper.

To achieve transparent sourcing for virgin fibres, Danone uses independent certification bodies, such as FSC, PEFC and SFI. The use of certification is a way to ensure chain of custody, and to show our efforts to customers, reinforcing our brands. More certified timber for paper/board packaging will mean more sustainability-conscious customers being reassured of the sourcing quality. It is also a way to work more closely with our suppliers and peers and innovate in the field of packaging.

While we have a strong preference for the FSC certification, it is not available in all countries. In these cases, Danone works with their suppliers to select certifications that are aligned with its own policy and ensures that forests are managed in a sustainable manner. To reach its commitments, Danone is encouraging producers to increase their FSC/PEFC/SFI certified volumes and strengthen other local certifications to secure supply.

### Full year results

In 2021, Danone purchased 590 ktons of paper (596 ktons in 2020). Danone is proud that 72% of paper used in our packaging materials in 2021 were produced from recycled fibers (67% in 2020). Of all virgin paper sourced, 98% is certified (94% in 2020). This virgin paper was certified FSC (81%), PEFC (0.3%) or SFI (19%).

In total, 99% of purchased volumes of timber comes from recycled paper or virgin certified paper: 99% is compliant with Danone's Paper commitment (vs 98% in 2020). The increase was mainly due to the increase of certified volumes in US and EU.

A total of 3.9kton (1%) is non-compliant as it is Virgin non-certified. We continue to push for a transformative approach in specific areas where certified timber is not (yet)

accessible, such as some countries in Africa and Asia. This difficulty of accessibility explains the non-achievement of the target this year.

	2019	Unit	2020	Unit	2021	Unit
<b>Total paper used</b>	643 799	Metric tons	596 610	Metric tons	<b>590 677</b>	Metric tons
<b>Recycled</b>	69	%	67	%	<b>72</b>	%
<b>Virgin</b>	31	%	33	%	<b>28</b>	%
<b>Virgin certified</b>	84	%	94	%	<b>98</b>	%
<b>Compliant =recycled paper + virgin certified</b>	90	%	98	%	<b>99</b>	%

Danone responsible sourcing approach is based on the Company’s Sustainability Principles that covers labor rights, environmental protection (including preservation of resources, environmental management, hence covering forest-related commodities) and business ethics topics. These principles are incorporated into a clause in its contracts with direct suppliers. The supplier also undertakes to adopt the environmental principles. Danone makes sure its suppliers are compliant with National Forest codes, such as Brazilian Forest Code, Argentina Forest Law, Australia illegal Logging Prohibition Act, and the EU Timber Regulation, by sourcing mainly FSC, PEFC and SFI paper (see split of relevant countries in next section). Additionally, contractual procurement agreements always contain clauses and terms of compliance with federal and local law. Danone verifies this by checking that each supplier can provide a certificate of the volumes provided to Danone. As legal compliance is included in the certification, the procedures in place are sufficient to ensure legal compliance within our operations and supply chain. For non-certified virgin paper bought from European countries the EU Timber regulation applies.

## Traceability

Danone conducts annual traceability campaign, asking suppliers to provide information on % Recycled content, certification program, and mill location. We are also working towards full traceability. We will continue our annual paper traceability campaign, gathering information from ~130 suppliers about mill locations of paper. It's used to monitor compliance against zero deforestation targets. We check that suppliers are up to date on their certifications, which are used to verify the breakdown of purchased volumes and calculate % of volume certified.



## VIRGIN PAPER CERTIFICATION

	2020		2021	
	metric tons	% vs total	metric tons	% vs total
FSC Chain of Custody	140 528	76%	96 562	59%
FSC other (Controlled Wood, Forest Management, Mix)	1 152	1%	32 773	20%
<b>total FSC</b>	<b>141 680</b>		<b>129 335</b>	
PEFC Chain of Custody	10 225	6%	139	0%
PEFC Sustainable Forest Management Certification	500	0%	53	0%
<b>total PEFC</b>	<b>10 725</b>		<b>191</b>	
SFI Chain of Custody	21 434	12%	30 358	18%
SFI Fiber Sourcing certification			655	0%
<b>total SFI</b>	<b>21 434</b>		<b>31 013</b>	
<b>Total Virgin with Chain of Custody</b>	<b>172 187</b>		<b>127 059</b>	
<b>Total Virgin certified</b>	<b>173 839</b>	94%	<b>160 539</b>	98%
Total Virgin not certified	11 544	6%	3 925	2%
<b>Total</b>	<b>185 383</b>		<b>164 464</b>	

A total of 174 354 tons (29%) can be traced back to mills in 'Forest Risk Countries'<sup>3</sup>, of which 60% with Chain of Custody certification:

<sup>3</sup> We used [CDP definition](#) to define "forest risk countries": a forest risk country is one of the following tropical and subtropical countries selected based on current and/or future deforestation risk (based on GCP, 2019; WWF, 2015 & TFA, 2019) : Angola, Argentina, Australia, Bolivia (Plurinational State of), Brazil, Cambodia, Cameroon, Central African Republic, Colombia, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Ecuador, Gabon, Guatemala, Guinea, Honduras, India, Indonesia, Kenya, Lao People's Democratic Republic, Liberia, Madagascar, Malaysia, Mexico, Mozambique, Myanmar, Nicaragua, Nigeria, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Thailand, United Republic of Tanzania, Venezuela (Bolivarian Republic of), Viet Nam, Zambia, and Zimbabwe.

PAPER COMING FROM FOREST RISK COUNTRIES									
	Recycled total	Virgin total	Total	% of global TOTAL	Virgin certified	FSC	FSC / total virgin	PEFC	PEFC / total virgin
Argentina	1 137	169	1 306	0.2%	169	31	18%	138	82%
Australia	1 624	53	1 677	0.3%	53		0%	53	100%
Brazil	4 290	6 935	11 224	1.9%	6 917	6 917	100%		0%
Indonesia	144 650		144 650	24.5%					
Mexico	12 683		12 683	2.1%					
Nigeria	175		175	0.03%					
Thailand	2 639		2 639	0.4%					
<b>Total</b>	<b>167 198</b>	<b>7 156</b>	<b>174 354</b>	<b>29.5%</b>	<b>7 139</b>	<b>6 948</b>		<b>191</b>	
	96%	4%			99,8%	97%		3%	

Virgin Chain of Custody				
	FSC ChoC	% ChoC vs FSC total	PEFC CHoC	% ChoC vs PEFC total
Argentina			138	100%
Australia				
Brazil	4 119	60%	-	
Indonesia				
Mexico				
Nigeria				
Thailand				
<b>Total</b>	<b>4 119</b>		<b>138</b>	

Recycled Certified	
Recycled Certified	% certified vs total recycled
1 137	100%
1 624	100%
4 290	100%
144 650	100%
12 683	100%
0	0%
640	24%
<b>165 024</b>	<b>99%</b>

With increased traceability, Danone will be able to conduct more in-depth risk assessment and verification of DCF. In the meantime, Danone defines Deforestation and Conversion Free paper as Virgin paper that does not originate from potentially high risk countries in our current sourcing footprint (Argentina, Australia, Brazil, Indonesia, Mexico, Nigeria, Thailand) or Virgin paper coming from high risk country but with Chain of Custody certificate. In 2021, Danone had 98% DCF Paper.

## Our supply chain

Main challenge for non-certified paper lies in Africa and Asia. We continue to push transformation with suppliers, by building economically viable business cases, using tenders for long-term improvement. Launched in 2020, we work with Tier 1 suppliers in a Connect4Growth program to integrate our One Planet commitments in supplier roadmaps. For these Strategic suppliers, it means understanding fully what their commitments are on Responsible Sourcing, such as improving Traceability, Deforestation and Conversion Free (DCF), upholding Human Rights and Carbon Reduction. The result of the program is a roadmap with Short, mid- and long-term goals to tackle relevant risks in the supply chain. At the end of 2021, Danone initiated One

Planet roadmaps with 2 top paper packaging suppliers. The roadmaps will continue to develop, including steps to improve traceability of ingredients and work toward verified DCF. We will make roadmaps with our top 10 suppliers to also work toward DCF outside our supply chain.

*\* Danone is working on renewing its commitment to Deforestation and Conversion Free (DCF) beyond 2020, and aligned with Accountability Framework Initiative (AFI). The new commitment will include a larger scope of topics, as well as monitoring progress toward NDPE, using IRF. The new policy will have more concise commitments, including eliminating conversion of natural ecosystems, remediation and restoration and cut-off dates. In parallel to managing global supply chain challenges due to the pandemic and economic crisis, in 2021 we focussed on aligning the ambitions with the internal teams such as procurement, suppliers and operations. The new commitments and policy will be disclosed in due course.*



## PALM OIL

Danone's Forest Policy states our commitment: NDPE palm oil by 2020\*. We believe full traceability for palm oil is necessary, and as such we prioritise the use of RSPO certified Segregated palm oil, as it can be traced back to plantation level. The RSPO certification ensures the credibility of palm oil sustainability claims, as palm oil producers must adhere to the stringent RSPO Principles & Criteria for Sustainable Palm Oil Production by accredited Certifying Bodies and can be withdrawn at any time in case of infringement of the rules and standards.

## Full year results

Danone consumed around 67.5 ktons of palm oil and palm oil derivatives worldwide in 2021 (67 ktons in 2020). It represents less than 0.1% of global world production and less than 1% of Danone's procurement spend, making us a relatively small consumer in the consumer goods sector. In 2021, Danone achieved 93% RSPO Segregated (SG) and 5% RSPO Mass Balance (MB).

While Danone reported the same 98% RSPO certified in 2020, there was a major shift in certified volumes: where Danone sourced 32 kton RSPO MB in 2020 (FY), in 2021 we sourced only 3.4kton, as the transition in NORAM was finalized. In the US, because

there is no RSPO segregated palm oil available, we co-built new solutions with Traders and promoted this strategy to our peers.

The remaining 2% of Danone palm oil is produced in Africa, and is not RSPO certified. By continuing to source from Africa producers we are decreasing our reliance on imported palm oil: the volumes are sourced and used locally in products for Ghana and Nigeria. In parallel to the operational hurdles of transitioning to certified volumes, Danone has been working with our Africa suppliers to increase the level of traceability of the palm oil. This is reflected in our improved Plantation traceability score: in 2021 Danone achieved 99.9% Traceability to Mill and Plantation. Earthworm Foundation supports Danone to compile the list of mills and plantations at least once a year.

2021 Palm oil volumes	Total volumes (Metric tonnes)	Conventional (m ton)	RSPO MB (m ton)	RSPO SG (m ton)
CPO	<b>48 163</b>	1 454	83	46 627
PKO	<b>318</b>		27	291
Fractionated products	<b>18 106</b>		2 371	15 735
Derivatives	<b>911</b>		911	
<b>Total</b>	<b>67 498</b>	1 454	3 392	62 653

## Our supply chain

The CGF Forest Positive coalition published its Palm Oil roadmap in September 2020 and one of the key actions are traceability and accountability. This is why Danone has set and maintained its traceability target at 100%. Earthworm Foundation traces for Danone the origins of all the sourcing of its Palm Oil back to the mills and plantations. Danone updated its supply chain details (Tier 1 suppliers and mills used in H2 2021) recently, as part of its commitment to transparency showing we have 99.8% traceability to mill and to plantation:

See <https://www.danone.com/content/dam/danone-corp/danone-com/about-us-impact/policies-and-commitments/en/2022/danone-palm-oil-suppliers-and-mills-h22021.pdf> .

Overall in 2021, Danone reached 99,9% traceability to mill and plantation.

Below is an overview of the sourcing regions for which we have traceability:

Sourcing Regions	PKO Volume	PO Volume	% PKO	% PO	Total Volume	% Total Volume
Indonesia	75	47 848	3%	75%	47 923	72%
Malaysia	2 547	7 600	97%	12%	10 147	15%
Papua New Guinea	-	4 241		7%	4 241	6%
Guatemala	-	1 649		3%	1 649	2%
Nigeria	-	1 265		2%	1 265	2%
Costa Rica	-	816		1%	816	1%
Honduras	-	174			174	
Colombia	-	173			173	
Ghana	-	133			133	
Brazil	-	3			3	
Cambodia	-	2			2	
Cote D'Ivoire	-	2			2	
Solomon Islands	-	2			2	
Thailand	-	2			2	
Ecuador	-	1			1	
<b>Grand Total</b>	<b>2 622</b>	<b>63 910</b>	<b>100%</b>	<b>100%</b>	<b>66 532</b>	<b>100%</b>

Sourcing RSPO certified volumes will also help to progress toward our NDPE commitment. We have started a pilot with our top suppliers to monitor progress toward verified NDPE, using the Implementation Reporting Framework (IRF). At the time this report was written we were not able to consolidate the information for our supply chain. Even so, we are confident of the results due to our commitment to sourcing RSPO SG volumes, as well as the Traceability system and Grievance mechanism we have put in place.

\*Danone is working on renewing its commitment to Deforestation and Conversion Free (DCF) beyond 2020, and aligned with Accountability Framework Initiative (AFI). The new commitment will include a larger scope of topics, as well as monitoring progress toward NDPE, using IRF. The new policy will have more concise commitments, including eliminating conversion of natural ecosystems, remediation and restoration and cut-off dates. In parallel to managing global supply chain challenges due to the pandemic and economic crisis, in 2021 we focused on aligning the ambitions with the internal teams such as procurement, suppliers and operations. The new commitments and policy will be disclosed in due course.

## Suppliers & Traders

Danone believes that only suppliers who source responsibly can help Danone reach its objective of removing deforestation from its supply chain. As part of a deforestation specific risk assessment; Danone conducts a mapping of its supply chain at least annually, requesting information from all of its direct suppliers.

Tier 1 Suppliers 2021
AAK
BAKELS
BUNGE
CARGILL
GOLDEN OIL
OLEOFINOS
PRESCO/SIAT
GOPDC/SIAT
UNITED PLANTATIONS
WAHANA

Procurement of forest-related commodities allows one-to-one exchanges with suppliers on forest-related risks. Since 2020 we have been working with our top Tier 1 suppliers in a Connect4Growth program to integrate our One Planet commitments in supplier roadmaps. For these Strategic suppliers, it means understanding fully what their commitments are on Responsible Sourcing, such as improving Traceability, Deforestation and Conversion Free (DCF), upholding Human Rights and Carbon Reduction. The result of the program is a roadmap with short-, mid- and long-term goals to improve traceability, reduce carbon and to tackle relevant risks in the supply chain. The framework enables us to monitor supplier performance against the elements of Responsible Sourcing, including progress on delivery across the entire palm oil business. In 2021, Danone continued to develop the roadmaps that we started with palm oil traders in 2020. The roadmaps include steps to improve traceability of sourced ingredients, baseline Product Carbon Footprints, and embark on Livelihoods and Regenerative Agriculture projects. Throughout the year various working groups work on those topics, and the progress is discussed in quarterly supplier meetings.

We also work with suppliers to find solutions. Because there was no segregated palm oil in the US, we co-built new solutions with a few traders, using it as an opportunity to create demand for traceable and sustainable palm oil. In 2019, Danone negotiated long-term contracts with its US palm suppliers to co-build the first segregated RSPO Supply chain for the US market. The final deals were signed in 2020, and the transition was completed in H2 2021. At the end of 2021, 100% of US volumes are RSPO Segregated.

Even with 98% certified volumes, Danone is aware of the various issues, including human rights concerns, that might affect our supply chain. In 2019, with the support of Earthworm Foundation, Danone put in place a dedicated Grievance mechanism and a team that meets weekly to address incoming NGO and media alerts. 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.

The monitoring of alerts and grievances informs ongoing risk assessments and help us better understand the challenges of the supply chain. In 2021, Danone registered 28 new alerts linked to deforestation and human rights violations, 25 of which were related to palm oil and 3 to other commodities. The regions identified were Malaysia and Indonesia. In total, the Company is monitoring 31 alerts that have been brought to its attention by organizations such as Center for Reproductive Rights, GlobalWitness, LibertyShared and MightyEarth. All of these alerts are being investigated and monitored in dialogue with the parties involved and the supporting NGOs and experts. Danone currently has ongoing suspensions for 12 producers, including one suspension initiated in 2021. In these instances we got in touch with 100% of our Tier 1 suppliers to remind them of our NDPE commitments, as well as notify them that the suspended producer may only (re)enter our supply chain with our permission and upon providing a clear improvement roadmap.

## Landscape engagement

Danone believes that the journey towards responsible palm oil requires an innovative approach and a higher level of co-creation between all stakeholders involved, in order to develop positive solutions. Danone supports the principles of "The Palm Oil Innovation Group" (POIG) and signed up to the Charter for Retailers and Manufacturers.

Danone has chosen to prioritize its direct support to smallholders by investing in pilot projects for smallholders in high-risk deforestation regions. For example, Danone has been a supporter of the [Siak Pelalawan Landscape Programme](#) (SPLP) since it was launched in Indonesia in July 2019. As a Supporter within the coalition, Danone's commitment focusses on 'Goal 2', which has the target to ensure that by 2025, for at least 50 high priority villages in Siak and Pelalawan districts, the livelihoods of palm oil farmers and their communities has improved. Project deliverables are monitored at least annually and publicly reported. Among some of the results of 2021 in Danone's scope as a Supporter of Goal 2:

For Mapping and understanding phase:

- 1 215 oil palm smallholders were mapped and identified following the STDB smallholder business registration guidelines.
- 8 villages were part of participatory mapping; this is a 53% increase compared to 2020. In total 15 villages were part of participatory mapping. This is 30% of the target of 50 villages.
- 912 people received capacity building on sustainable land use.

For Implementation phase:

- 1 160 people were trained on good agricultural practices.
- 493 people were supported to get access to incentives through improved knowledge on the need for business permits (STD-B) and land titles.
- 1 215 oil palm smallholders were surveyed for business permits.

- 15 villages were supported to get access to incentives

Finally, since 2019 Danone has been working with the Livelihoods Fund, Mars Inc., L'Oréal, Musim Mas, SNV and ICRAF to design a project that demonstrates that a transparent, inclusive and biodiverse palm oil model is doable for [independent smallholders in Indonesia](#). The project will span ten years and has the main targets:

- Sustain a deforestation-free supply chain for 13 villages
- Regenerate 8,000 hectares of degraded land,
- Restore local biodiversity in 3,500 hectares,
- Improve the livelihoods of 2,500 independent smallholder farmers and their families.

The targets will be achieved by training, coaching and supporting local farmers, communities and farmers groups on preventing Deforestation and conversion; by implementing Regenerative Agriculture practices; and by increasing income through on-farm diversification.

In 2021 the Project was officially launched. Field staff was deployed, training modules were completed, and the baseline study was conducted in the 13 villages. 7 villages were selected to focus initial interventions on Regenerative Agriculture activities, and 14 farmer leaders were identified and trained to help accelerate action in the project area.

In Q1 2022, a total of 64 farmers have been fully enrolled in the project, have received Starter Packages to apply practices at farm level, and demonstration plots have been established in 6 villages. These demonstration plots are being monitored on a regular basis and will involve long-term monitoring to demonstrate results as compared to baseline scenario.