B Lab Statement on Danone AQUA Indonesia's B Corp Certification

B Lab's independent Standards Advisory Council has rendered the following decision and guidance regarding eligibility for B Corp Certification for bottled water companies:

"Bottled water companies are eligible for B Corp Certification with additional review by the Standards Advisory Council and, at minimum, incremental disclosure on their public B Corp profile regarding material sensitive issues in the industry."

Danone AQUA Indonesia is required to disclose a summary of its practices in the areas of Water Access, Sustainable Usage, and Waste Management as a part of its B Corp Certification. For more information on the review process, please refer to B Lab's statement on the Bottled Water Industry and B Corp Certification here.

Summary of Company

PT. Tirta Investama (TIV), PT. Aqua Golden Mississippi (AGM) and PT. Tirta Sibayakindo (TSI), collectively mentioned as "Danone AQUA", are affiliated companies of Danone S.A, a multinational company based in Paris, France. Aligned with Danone's mission to bring health through food to as many people as possible, Danone AQUA operates in Indonesia engaging in the utilization, processing, packaging, and distribution of bottled drinking water and beverages. With a network comprising 22 factories across Indonesia, Danone AQUA sources water primarily from wells.

The company is responsible for the water extraction, bottling, distribution, and sale. In its last fiscal year, the company earned 100% of its annual revenue from selling water and isotonic drinks. Danone AQUA Indonesia has the following brands of water and isotonic drink:

- AQUA,
- VIT,
- MIZONE.

DANONE AQUA Indonesia's Industry Practices

Water Access

To utilize the water for industrial purposes in Indonesia, a company must obtain permits from the Indonesian government. Danone AQUA reported that it fully complies with the regulation and has obtained water extraction permits from the Indonesian government. As a user of water sources for commercial purposes, Danone AQUA is also required to pay a volume-based fee for the water extracted. In 2022, it paid an average rate of IDR 8,03/L of

water to the Indonesian government.

The government, through the Ministry of Energy and Mineral Resources, grants a limited number of licenses by considering the capacity and the sustainability of the water basin. Recipients of the licenses are granted permission to extract a fixed amount of water through the license period and are subject to additional obligations described in the Water Extraction Permit (SIPA) such as: monitoring the wells and reporting data regularly, preserving the recharge area, and providing 15% of the water to the surrounding community when needed.

Until the end of 2022, Danone AQUA, together with partners, has provided water access to people in several districts in areas where the company's factories operate, and in areas that do not have proper water access in the country. Since February 2022 Danone AQUA has been working with Nazava on an initiative to increase drinking water access for school children.

Danone AQUA is a member of ASPADIN, an Indonesia Bottled Water Company Association. As an association, ASPADIN is also a member of Dewan Sumber Daya Air Nasional (The National Water Council), a coordination forum for water resources management at the national level. It consists of a multi-stakeholder network with the role of providing input around water resource management in Indonesia. The Council's members are representatives of NGOs, industry, and the Indonesian government who all provide collaborative inputs regarding national water resource management policies and programs.

Danone-AQUA is also a member of the Indonesia Foods and Beverages Industry Association (GAPMMI), the Indonesian Employers Association (APINDO), and the Indonesia Soft Drink Industry Associations (ASRIM).

The following agencies play a role in regulating access to water and the company's water extraction practices: Ministry of Energy and Mineral Resources, Geology Agency (Under the MEMR), Act. Head Mr. Dr.Ir.Muhammad Wafid A.N.,M.Sc.

Danone AQUA Indonesia has reported they are not engaged in any lobbying or policy advocacy for cheaper water prices or easier water access. The company also reported there are no stakeholder concerns regarding its water access that remain unresolved.

Sustainable Usage

To extract water Danone AQUA must have the proper permits from the government and demonstrate that the company's extraction wells follow strict procedures, which they comply with through the borehole testing. The water is accessed through boreholes that can be either

self-flowing or pumped. The water pumped does not disturb communal shallow (dug) wells from different unconfined aquifers. Danone-AQUA submits monthly water extraction reports to the government. This data originates from flow meters validated by the government, which also conducts periodic calibrations to ensure accuracy.

Danone AQUA's water sources come from natural springs located in various regions across the country. The company extracts water from deep groundwater naturally protected by impermeable layers. It takes 9 criteria, 5 different phases, and 1 year of research to ensure the sustainability of the water usage surrounding the area. The company conducts environmental (hydrogeological studies) and social assessments before establishing any of its facilities. The company reported that communities' environment and social issues are a key part of the assessment to identify the right support Danone AQUA can provide.

Danone S.A. has also developed a tool, known as "SPRING Tool" (Sustainable Protection and Resources Managing Tools), co-designed with RAMSAR, to assess sustainable water resource management as well as other indicators related to the impact of water extraction for each production site. One component of this tool utilizes flowmeters in each spring and borehole to provide detailed information about extraction rates and flow rates to ensure the overall health of the well and the aquifer.

Danone-AQUA actively implements several practices to promote responsible water use:

- The company's plants have maximum extraction data based on hydrogeological studies conducted with Indonesian universities. This data reflects the carrying capacity of local water reserves. The company monitors key parameters to understand water availability. This information is regularly distributed to operations teams to guide them in managing sustainably the water extraction at each plant,

- Danone AQUA employs various technical measures to do so, including installing water meters, setting valve limits, implementing interlock systems, and utilizing inverted pumps to ensure proper extraction levels,

- Their plants leverage digital water resource tools for daily monitoring of actual water extraction. This allows for continuous oversight and ensures full adherence to permit limitations.

Danone S.A. assesses its subsidiaries' performance against 6 pillars and 54 key indicators that result in an award of Basic, Standard, or Excellent. The assessments are conducted by Danone Watershed teams, and the tool has been adapted and proposed for the Indonesian market to be used as a standard industry measurement in the future. Since 2013, Danone

AQUA Indonesia has been evaluated according to these levels and demonstrated ongoing evolution.

In 2020, Danone S.A. released its Water Policy, acting to preserve and restore water resources, today and for future generations. This policy consists of 3 pillars:

1. Preserve water resources and the natural environment,
2. Drive water circularity in and around production sites,
3. Provide safe drinking water to vulnerable people and communities.

As part of Danone, the company is committed to implementing this Water Policy through many initiatives in Indonesia. Most water conservation activities are implemented in the recharge area at the upstream area of the watershed where we operate. The recharge area is an area identified based on hydrogeological study in collaboration with reputable national & international universities such as Sorbonne University, Montpellier University, and CIRAD. All water conservation activities done in these areas focus on how we can improve water infiltration to preserve groundwater, thus ensuring the quality and sustainability of the watershed. Here are the types of water conservation programs conducted by the company :

- Tree Planting: The company contributes to the reduction of water runoff, which can increase water infiltration to the groundwater,
- Infiltration wells: They are built to increase water infiltration that is otherwise obstructed by building/concrete,
- Trenches: are one of the artificial soil and water conservation tools. Different from infiltration wells, trenches usually develop on farmland/plantation area
- Bio-pores: are similar to trenches but in the form of a hole of smaller size, with 10 cm diameters and 1 m deep – they are usually located around houses/buildings. A Biopore is used to increase the infiltration of surface runoff and can also be used to dispose of organic waste from households. The impact of bio-pores is not as big as trenches or infiltration wells, but they are often used as educational tools for water conservation since you can easily do one at home,
- Water ponds: are developed to increase water infiltration coming from the overflow of the natural spring water.
- Rainwater harvesting: installed in factories, homes, and public areas (like mosques, village offices, etc.)
- Biodiversity parks: are protected areas to preserve the ecosystem, mainly the endemic flora and fauna, resulting in a stable and resilient ecosystem thus preserving the natural and also maintaining the quality of water resources. As of now, we have developed 20 biodiversity parks in collaboration with local NGOs & academics to optimize the role of biodiversity parks as learning centers and research-innovation areas.

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Waste Management

Danone-AQUA launched the #BijakBerplastik movement, a program to tackle plastic packaging waste through a holistic and comprehensive approach with three main focuses: Collection, Education, and Innovation. As part of #Bijakberplastik commitments, the company is currently focusing on Danone AQUA's reusable jugs business model which represents around 70% of its business volumes. This circular model allows the packages to be reused an average of 40 times, and recycled at the end of life. The remaining 30% of Danone-AQUA's business is from single-use bottles with 19% recycled content on average in 2023. The company shared an ambition to reduce 30% of virgin fossil materials by 2030, in line with the global Danone Impact Journey targets.

The company commits to supporting Indonesia's government target to reduce by 30% the plastic waste and to handle 70% of the plastic waste by 2025. Danone AQUA Indonesia shared that each year they collect 22,000 tons of plastic from various collection programs all over Indonesia. The company's commitment is included in its impact project #BijakBerplastik. Danone AQUA Indonesia created a roadmap on how to reduce its plastic waste until 2029 aligned with the Permen LHK 75/2019 (Ministerial Regulation of Environment and Forestry Ministry of Indonesia) on Waste Reduction Roadmap by Producers. The data on its Waste Reduction Roadmap and the implementation report are submitted to the Ministry of Environment and Forestry annually.

To measure the #BijakBerplastik program's impact (since its launch in 2018 up to 2021), Danone AQUA conducted an impact study (yet to be published) in partnership with the Institute for Research and Community Service Indonesia University (LPPM-UI).

Since 1993 Danone AQUA started "AQUA Peduli" as a collect-back mechanism of AQUA bottles post-consumption. The company rewards its consumers for every bottle being returned through an appointed network. The company has collaborations with both digital and traditional partners that offer incentives to encourage changes in waste management behavior:

- Grab Express Recycle: Customers can place orders via the Grab mobile app, where they'll find location options for Waste Banks as part of the AQUA x Grab collaboration. AQUA covers the logistics costs,
- Octopus: Customers can arrange for waste pickup at their location and receive Octopoints in return. These Octopoints can be exchanged for vouchers at retail outlets, hotels, and restaurants in partnership with Octopus,
- Plastic Pay: Customers can download Plastic Pay and deposit their bottles in the Reverse Vending Machine. They will receive Plastic Pay points that can be redeemed for gifts made from recycled materials,
- Non-digital - Waste Bank: By joining a local community waste bank, customers can collect waste and in return, increase their savings in the waste bank. These savings can be redeemed for cash or groceries.

PT Veolia Services Indonesia and PT Namasindo Plas are Danone Indonesia's partners in producing recycled PET (rPET) from the collected PET bottles. Then, Danone AQUA Indonesia uses this rPET as input material for its packaging.

Danone AQUA also addresses waste management challenges through other programs focused on collection and education, as key levers to tackle the plastic waste issue. Regarding the collection initiatives, Danone-AQUA has engaged in several collaborative initiatives to improve waste collection in Indonesia, such as:

- Working with strategic partners to build the capacity of six Recycling Business Units (RBU) located at Tangerang Selatan (Banten), Bali, Lombok, and Bandung with a combined capacity of 18,000 tons/year (value of the total plastic collected from the entire collection initiatives and facilities- all type of plastics). Plastic bottle waste being processed in RBUs is then sent to Danone-AQUA's recycling industry partner which will convert them into resin, a raw material for new bottles,
- Since November 2020, Danone AQUA has been working with partners and the government to improve the waste collection infrastructure model by increasing the capacity and supporting recycling capability technologies. A key initiative started in November 2020 in cooperation with the Lamongan Regency Government to develop Lamongan Integrated Waste Management Infrastructure (TPST). This integrated waste management infrastructure is in the city and is the biggest in West Java province. It has a capacity of 60 tons/day and serves 15 000 households in Lamongan. In 2021, Danone AQUA, with local government and partners, started developing TPST Jimbaran in Bali with a capacity of 120 tons/day with a Zero Waste model. The facility was designed to treat all types of waste coming from households and commercial areas. Waste coming to the site goes to sorting areas where high-value materials are sold to recyclers. Organic waste goes to the composting area. Sorted low-value plastics go to recyclers. Meanwhile, residual waste goes to Refuse Derived Fuel (RDF) treatment. The facility was aimed to reduce the amount of waste coming to the landfill.
- Danone AQUA has a partnership with Veolia to increase the capacity of recycled materials produced to be used for new packaging materials. In 2019 Veolia established infrastructure in Pasuruan Indonesia with a capacity of 25.000 tons of recycled PET per year. This value represents approximately 25% of the company's overall PET production per year,
- To strengthen packaging collection initiatives, since 2020 Danone AQUA has participated in an Inclusive Recycling Indonesia (IRI) program that aims to optimize the productivity of community-based waste management through a partnership with stakeholders and local communities. As of 2022, the IRI program has assisted more

than 10 collection centers. The total of PET-type plastic from the Collection Centers has been sent to Veolia (around 807 tons per month since the beginning of the program, which represents approximately 10% of the company's overall PET productions per month),

- Danone-AQUA is continuously investing to build the capacity of both formal and informal waste management facilities in Indonesia, such as waste segregation facilities both at the community and district level (capacity varies from 1 to 40 tons per day), waste banks and junk shops at different places, through a set of initiatives such as:
    - Increasing facilities' capacity to collect and process waste,
    - Technical assistance to those facilities on how to increase value chain efficiency,
    - Training to waste management workers and waste pickers on how to add value to collected materials and on which material has a post-consumer value,
    - Increasing awareness for waste management workers and waste pickers to work in safe conditions,
    - Build social benefit schemes to increase the well-being of waste management workers and waste pickers, through health service/insurance and access to financial services,
    - Engaging & educating communities to manage their waste, starting by segregating efficiently and properly at the source.
- Danone AQUA also puts additional resources to support waste collection in the outer islands, which have limited capacity regarding waste management systems. The company has been working in Thousand Islands and 5 priority tourist destinations in Indonesia: Borobudur Temple, Toba Lake, Mandalika, Likupang, and Labuan Bajo. It provides subsidies for transporting the waste to big cities in Indonesia, where the recycling industry operates and has the appropriate infrastructure to manage plastic waste.
- To support collection streams, Danone AQUA has invested in launching two types of collaboration focusing on the development of digital applications that enable consumers to send out their waste for recycling:
    - The first one is done with Grab, Southeast Asia's biggest start-up, which has incorporated a Recycling feature within its application, called #GrabExpress Recycle. Through this program, Grab customers - in four cities - can send their waste via an app, to be later taken by Grab drivers to the nearest waste bank. Through a recycling network, the used plastic bottles are picked up and processed in our RBU to become new bottles,
    - The second application was developed with Octopus: through this app, waste pickers can collect waste directly from consumers, helping them to secure a

more regular and increased monthly income. Besides Makassar, the initiative has expanded to Bandung and Tangerang,

- Danone AQUA is one of the co-founders of the Packaging and Recycling Association for Indonesia Sustainable Environment (PRAISE), together with 5 other large companies. In 2020, PRAISE launched the Packaging Recovery Organization that will animate the Extended Producer Responsibility (EPR) scheme in Indonesia through 1) incentivized collection, 2) capacity building and social inclusion in waste collection, and 3) education.

Regarding education initiatives, Danone AQUA has a target to reach 100 million people and 5 million young children by 2025 through its nationwide campaign on recycling. To keep track of its progress on those goals, the company collects primary data from its partners who oversee all educational activities, both in-person and digital. Danone AQUA Indonesia monitors the performance of its educational partners, whether it is a mass education or targeted education initiative The company has engaged in several collaborative initiatives to promote education on recycling, including:

- Collaborating with government agencies to launch an elementary school education book called "Sampahku Tanggung Jawabku" (translated as My Waste My Responsibility) in schools all over Indonesia. Similar initiatives are in the works for preschool students,
- Disseminating messaging about recycling at children's educational parks Taman Pintar and Kidzania,
- Collaborating with retailer H&M to maunch the #bottletofashion program, through which plastic waste being collected from the island and coastal areas are processed in RBUs and converted into fashion products,
- Partnership with local communities in supporting big events in Indonesia to advocate and manage waste collection,
- Partnership with the Ministry of Environment and Forestry and partners in running the Adiwiyata School program (Green School).

In terms of innovation, Danone AQUA has set a goal to produce 100% recyclable, reusable, or compostable packaging and increase the recycled PET across its AQUA packaging from 25% today to 50% by 2025. This goal applies to all of Danone Indonesia's water products. Mizone, one of the company's brands, already uses 50% recycled material. Some of Aqua-Danone's innovation programs on packaging are:

- Launch of AQUALIFE in 2019, as Indonesia's first 100% recycled plastic and 100% recyclable bottle,
- In November 2020, Danone-AQUA reintroduced its AQUA Returnable Glass Bottle, that offers returnable and refillable glass bottles,
- In early 2021, the company launched in Bali a 100% recycled plastic and 100% recyclable bottle in popular size (600 ml),
- Since April 2022 the company distributes AQUA mini (AQUA cube) without label, without straw and 100% can be recycled.

Other Management Comments

Danone AQUA is a member of the Ground Water Working Group (GWWG) which is a semi-autonomous organization under the engineering faculty, Universitas Gadjah Mada (UGM), that aims to develop sustainable groundwater management. Theses organization's activities include research, education/training, community service, and groundwater technology development. Danone AQUA received Platinum appreciation (highest-level scoring in Water Resources Performance Assessment) in the Water Resources Performance Assessment Matrix trial (Mata Persada). Mata Persada aims to measure how much water users are responsible for managing or exploiting water permitted by applicable laws. Mata Persada is a local tool inspired by Spring Tools by Danone and introduced by GWWG.

Danone AQUA has committed to contributed in SDGS 6 GOALS by developing water access sanitation and hygiene (WASH) Program, involving community participation. More than 500.000 people have benefited from this program

Initiative Dakar 2022, aimed at promoting and supporting innovative, high-impact water and sanitation projects. A call for proposals was opened in 2021 during World Water Forum 2022 in Senegal Dakar. Winning projects receive official “Initiative Dakar 2022” acknowledgment and benefit from international exposure, partnerships and potential funding from the Forum’s institutional partners. Danone AQUA through the Rejoso Kita Project (access here, here, and here to see more information about the initiative) was selected as one “Initiative Dakar 2022” showing during the forum. Under the theme “Building a cross-sectoral governance without boundaries at all levels”, the Rejoso Kita project was one of 126 among more than 300 projects to be showcased during the forum. In this project, Danone AQUA implemented conservation programs upstream and midstream by involving 174 farmers with 106.6 hectares and implementing Sustainable Paddy cultivation on 65.1 hectares with 184 farmers, while also managing 5 community wells downstream of Rejoso Watershed in Pasuruan, East Java, Indonesia.

Danone AQUA Indonesia is aware of the results divulgated on the Sungai Watch Report 2023. The company highlighted that they provide clarification statements for any media or anyone who wants to get more explanation about an issue. Any stakeholder can reach out to the company through the line AQUA Menyapa and Corporate communication Team through the email: corporate.communicationID@danone.com

Here are some links where the company’s response to the report results can be found:

- https://www.liputan6.com/lifestyle/read/5529473/reaksi-danone-aqua-diminta-sungai-

watch-berhenti-produksi-air-minum-kemasan-gelas-yang-cemari-sungai-sungai-di-bali?page=3

- https://www.eco-business.com/news/river-trash-audit-not-representative-of-indonesias-waste-conditions-danone-aqua-responds/

B Lab's Public Complaints Process

Any party may submit a complaint about a current B Corp through B Lab's Public Complaint Process.

Grounds for complaint include:

1. Intentional misrepresentation of practices, policies, and/or claimed outcomes during the certification process, or
2. Breach of the core values articulated in our Declaration of Interdependence within the B Corp Community.