



## **B Lab Statement on Danone Waters Brazil'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 Waters Brazil is required to disclose a summary of its practices in the areas of Sustainable Usage, Water Access, and Waste 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**

Danone Waters Brazil is a business unit of Danone, a global, leading food company with the mission of bringing health through food to as many people as possible. Danone Waters Brazil has four subsidiaries, each of which control a water site and its manufacturing processes. The company sells and markets the water produced by these four sites in Brazil under the Bonafont brand, including natural mineral water, carbonated water, and flavoured carbonated water.

### **Danone Waters Brazil's Industry Practices**

#### Sustainable Usage

In order to ensure the company's water extraction rates are environmentally sustainable, the company commissions independent hydrogeological studies, which are required by the regulatory body and used by the regulator to set permitted extraction rates.

To authorize a new source and establish the permitted extraction rates, the company goes through an extensive approval process with government agencies that includes studies, official analysis, and inspections by the government to confirm the extraction amounts (via pumping tests) and certify the conditions of the water source and the site that will bottle the water. All documents are recorded in the regulatory approval process and the company receives a license with an rate extraction per source and the total amount permitted on the site, based on the hydrogeological studies and the pumping test done by the regulator.

In order to ensure water extraction for use by Danone Waters Brazil does not impair the sustainability of the water resource over time, extraction rates are monitored by hydrological experts on an ongoing basis and reported according to the regulatory framework. Water levels are not permitted to go below minimum thresholds to ensure sustainability over time, and cannot



exceed the maximum volume authorized by the government based on the hydrogeological studies.

#### Water Access

Danone or its subsidiary companies owns the land in the immediate proximity of the water sources for each site. Each site was acquired from another company, at the following dates; Jacutinga (2008), Itapecerica (2010), Jundiá (2012) and Tinguá (2014). Each source has a protection area determined to ensure that the activities done in this area do not impact the quality of water and the water source.

Companies that extract natural mineral water in Brazil are required by law to pay specific taxes based on the volume of water sold in order to access the water resource. Every month, the company reports the quantity of water sold and pays royalties based on this value, according to local regulation.

#### Waste

In terms of product packaging for the Bonafont Brand, the company uses a combination of virgin plastic and recycled plastic (rPET) across the various bottle formats. Danone was the first mineral water company in Brazil to include r-PET in its bottles in 2018, and over these years its percentage of rPET has been gradually increasing. Currently, rPET represents 10% of total PET by volume, with a target to achieve 20% rPET by 2021 and 50% by 2025.

The current rate of rPET in the company's products is primarily constrained by the availability and quality of rPET in the Brazilian market. The production of rPET resins for the food industry in Brazil is relatively new, including new legislation for the use of this material for contact with food and beverages. Currently, for the industry to access PET that will be transformed into recycled resin, the best way is through recycling cooperatives.

The cooperative chain in Brazil is still quite unstructured, but it has been improving over the years with the increase in demand for PET material and other plastics by industries. For post-consumer PET to reach Danone's suppliers (preform partner industries), it requires a large investment in logistics, investments, and structuring of the collection process of the cooperatives.

Danone Waters, through social projects such as Avante, cooperatives development, and stimulating the recycling chain through the "Eureciclo" (company that negotiates the purchase of recycling invoices), has been able to access part of the post-consumer PET, which will become recycled preform. Also, through reverse logistics projects within its own reusable jug value chain, the company has been able to increase the volume of PET received in the approved factories.



Danone Waters has been developing a circularity plan and some of the commitments include: be 100% circular by 2025, reduce the use of virgin plastic in packaging, and increase the usage of returnable jugs. To achieve the circularity plan, its projects include strategic partnership with more cooperatives, approval of new R-pet manufacturing industries, expansion of PET collection to other municipalities, and search for new materials and recycling technologies. Danone participates in discussions in external committees with governmental agencies and associations aimed at improving the recycling chain.