

DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.

DISCLOSURE QUESTIONNAIRE

Company Name: Danone North America
 Date Submitted: December 14, 2021

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services		✓
Biodiversity Impacts		✓
Chemicals		✓
Company Explanation Of Disclosure Item Flags		✓
Disclosure Alcohol		✓
Disclosure Firearms Weapons		✓
Disclosure Mining		✓
Disclosure Pornography		✓
Disclosure Tobacco		✓
Energy and Emissions Intensive Industries		✓
Fossil fuels		✓
Gambling		✓
Genetically Modified Organisms		✓
Illegal Products or Subject to Phase Out		✓
Industries at Risk of Human Rights Violations		✓
Monoculture Agriculture		✓
Nuclear Power or Hazardous Materials		✓
Payday, Short Term, or High Interest Lending		✓
Water Intensive Industries		✓
Tax Advisory Services		✓

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		✓
Child or Forced Labor		✓
Negative Environmental Impact		✓
Negative Social Impact		✓
Other		✓

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		✓
Breaches of Confidential Information		✓
Bribery, Fraud, or Corruption		✓
Company Explanation Of Disclosure Item Flags		✓
Company has filed for bankruptcy		✓
Consumer Protection		✓
Financial Reporting, Taxes, Investments, or Loans		✓
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)	✓	
Labor Issues		✓
Large Scale Land Conversion, Acquisition, or Relocation		✓
Litigation or Arbitration	✓	
On-Site Fatality		✓
Penalties Assessed For Environmental Issues		✓
Political Contributions or International Affairs		✓
Recalls		✓
Significant Layoffs		✓
Violation of Indigenous Peoples Rights		✓
Other		✓

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		✓
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		✓
Company Explanation Of Disclosure Item Flags		✓
Company prohibits freedom of association/collective bargaining		✓
Company workers are prisoners		✓
Conduct Business in Conflict Zones		✓
Confirmation of Right to Work		✓
Does not transparently report corporate financials to government		✓
Employs Individuals on Zero-Hour Contracts		✓
Facilities located in sensitive ecosystems		✓
ID Cards Withheld or Penalties for Resignation		✓
No formal Registration Under Domestic Regulations		✓
No signed employment contracts for all workers		✓
Overtime For Hourly Workers Is Compulsory		✓
Payslips not provided to show wage calculation and deductions		✓
Sale of Data		✓
Tax Reduction Through Corporate Shells		✓
Workers cannot leave site during non-working hours		✓
Workers not Provided Clean Drinking Water or Toilets		✓
Workers paid below minimum wage		✓
Workers Under Bond		✓
Other	✓	

B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY: Danone North America

UPDATED AS OF: December 14, 2021

DISCLOSURE QUESTIONNAIRE CATEGORY	Other
ISSUE DATE	August 2021
TOPIC	Non-renewal of current milk purchasing agreements with organic farms in New York, Vermont, Maine, and New Hampshire
SUMMARY OF ISSUE	<p>Danone North America communicated that they would not renew contracts with 89 suppliers consisting of small organic dairy farms in the US North East, and offered the impacted farmers an option to enter into new contracts until August 2022 (as of December 2021, Danone North America offered to extend the term of the new contract from August 2022 to February 2023). This decision has been criticized by some impacted farmers, some members of the organic community and other stakeholders, who view this as insufficient support for, and a negative impact on local small suppliers, while the company allegedly continues to source from large scale farms, that critics believe benefit from limitations in Organic Certification standards.</p> <p>According to Danone North America, the decision was made as the northeast region provides several continuing challenges to pick up and transport milk to the processing facility the company uses in western New York. While the reduced mileage is important, it is only one factor. Other related factors, unique to this region are:</p> <ol style="list-style-type: none"> 1) a lack of available processing alternatives 2) a scarcity of available drivers 3) long routes, requiring multi-day jobs, further exacerbating the driver shortage 4) occasionally needing to discard trucks of milk after long hauls due to unexpected processing constraints beyond the company's control. <p>In summary, according to Danone North America, this decision is not based on the quality or cost of the milk from the impacted farms, but rather an aggregate set of factors related to transportation, logistics and infrastructure beyond the farm gate. The company does not anticipate a similar large scale change of its supplier base again in the immediate future. Furthermore while these contracts affected small scale suppliers, Danone continues to purchase from small, medium, and large farms alike, with more details provided below.</p>
SIZE/SCOPE OF ISSUE	<p>Out of the more than 600 farms that the company currently sources from across the US, 89 farmers are impacted by the decision. Considering the fluctuation that exists in production volumes at farms, the company expects to maintain the volumes of milk sourced from small farms before and after the end date of the contracts with the 89 farmers. Additional context on Danone North America's perspectives on the complexities of the dairy industry and their commitment to small scale and organic farms is included in the 'Other management comments' section below. Details regarding Danone North America's purchasing practices as it relates to farm size include:</p> <ul style="list-style-type: none"> - Farms that have an average number of milking cows under 100 will continue to make up approx. 25% of baseline volume of milk purchased. More than 90% of the total organic farms in the network are considered small farms under 100 milking cows - Farms that have an average number of milking cows between 1,000 – 3,000 will continue to make up approx. 20% of baseline volume of milk. - The remaining milk will continue to be sourced from farms with an average number of milking cows between approximately 101-999. This could also include flex market purchases given the variability of the market and the adaptability needed as mentioned above.

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IMPACT ON STAKEHOLDERS	<p>The 89 small farms need to find a new buyer for their milk before the expiry of their contract and could suffer loss of revenue if they are unable to. Furthermore these farms operate in a local eco-system consisting of local veterinarians, feed and farm suppliers etc, who could also be impacted. The impact on each of the 89 farmers will vary depending on the specific situation of their farm.</p> <p>Critics further argue that Danone North America continues to source from Concentrated Animal Feeding Operations (CAFOs), that are alleged to undermine the integrity of the organic label, drive prices below the cost of production for a majority of organic farms and have a negative impact on the environment and the animals.</p>
IMPLEMENTED MGT PRACTICES	<p>Danone North America has taken the following steps to help mitigate the impacts of the decision for farmers, animals and the communities impacted:</p> <ol style="list-style-type: none"> 1) Providing the impacted farms an option to enter into an 18-month contract with the same pricing (including relevant premiums) and other terms (substantially exceeding both contractual and statutory notice requirements for non-renewals) in order to help and provide adequate time for impacted farmers to find a new buyer or path forward that is right for the individual needs of each farm. While the original proposal from Danone North America was a 12-month contract, the company subsequently offered an 18-month contract, in response to input from stakeholders. 2) During the last 6 months of Danone North America's relationship with each of the affected Northeast farmers, Danone North America will be providing a transition payment, which is the result of asks directly from the farmers following the initial communication of non-renewal. This transition payment is additional dollars per hundredweight on top of the price Horizon pays for organic milk. Moreover, the farmers are still receiving the quality, seasonality, and butterfat premiums. <p>This additional financial support is also being provided to the Northeast farmers who exited the company's network after receiving the non-renewal notification, by providing the transition payment for the milk purchased in the last six months of the company's relationship with them.</p> <ol style="list-style-type: none"> 3) Continuing to work with state and federal agencies, along with fellow B Corporations, to see how the company can help be a part of the solution and address the systemic challenges that face the region. 4) Offering farm consulting services to each impacted farm in partnership with a third-party company. This is completely voluntary and will come at no-cost to the farmers should they choose to move forward with the opportunity.



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ISSUE DATE	August 2021
TOPIC	Non-renewal of current milk purchasing agreements with organic farms in New York, Vermont, Maine, and New Hampshire
IMPLEMENTED MGT PRACTICES	<p>5) Continuing to ensure that the milk sourced for its organic products, comes from USDA certified organic farms. All farms in Horizon's supply chain adhere to the USDA Organic standard, with a minimum of 120 days on pasture for each cow, and more as weather permits.</p> <p>6) Continuing to support and advocate for improvements on the organic standards themselves, like the Origin of Livestock rule, that are aimed at creating further clarity and strengthening the organic standard.</p> <p>7) Maintaining commitment to organic integrity, the organic industry, and the ongoing sourcing of organic dairy through certified, diverse organic farms. Horizon expects to maintain a significant footprint of approximately 500 organic farms across the US, all of which are required to adhere to the USDA Organic standard. Horizon Organic recently onboarded more than 50 small family farms that are closer to [with routes within 300 miles] the company's manufacturing footprint. This is also consistent with Horizon's expectation to sustain the 25% baseline volume of milk sourced from small farms, understanding the ongoing flexibility needed in the milk supply.</p>
REPORT	<p>https://boston.cbslocal.com/2021/08/27/northeast-dairy-farms-losing-market-danone-horizon/</p> <p>https://actionnetwork.org/petitions/saveneorganicdairy</p> <p>https://www.realorganicproject.org/danone-abandon-pt1/</p> <p>https://therivernewsroom.com/upstate-dairy-farms-face-uncertain-future/</p> <p>https://www.timesunion.com/state/article/Gut-punch-Upstate-organic-dairy-in-concerning-16447825.php</p>
OTHER MANAGEMENT COMMENTS	<p>Horizon Organic remains committed to organic dairy, as it has for 30 years, and will continue to support family farms.</p> <p>Regarding the Origin of Livestock rule, Danone North America agrees the current rule can create an unequal playing field for organic producers and has made its position clear to USDA with a public comment on December 2, 2019. Danone has consistently supported an improvement to the regulations to advocate for a more even playing field for farms, and Horizon's first comment to regulatory proposals to USDA occurred in 2015. Since 2019, Danone has continued to lobby and work with dairy industry interest groups and Organic Trade Associations to advocate to Congress and USDA to finalize a new rule.</p>



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TOPIC	Non-renewal of current milk purchasing agreements with organic farms in New York, Vermont, Maine, and New Hampshire
OTHER MANAGEMENT COMMENTS	<p>Danone North America increased its B Corp Certification score by 11 points from its first certification in 2018 to its 2021 recertification and remains focused on continuous improvement. The company considered several areas of impact found within the B Impact Assessment to help inform themselves on best practices around business changes and local sourcing guidance. These steps helped assess ways the company could support the impacted farms. In the spirit of the Declaration of Interdependence Danone North America understands and remains committed to the importance of creating benefit for all stakeholders, not just shareholders.</p> <p>The organic dairy (commodity) market has ongoing variability day to day and month to month. In addition to changes in supply and demand for fresh dairy due to various market drivers, there is also ongoing fluctuation of production volumes at farms and processing capacity at plants. In aggregate, these factors mean the business of organic dairy for the dairy industry and farmers require unique flexibility and adaptability. As the largest national organic dairy brand in the country, Horizon's supply remains diverse to meet these ever-changing market needs. The size, location, and volumes of milk change - what remains consistent is its dedication to quality and compliance to the organic standards as laid out by the USDA NOP. Horizon expects to maintain a significant footprint of approximately 500 organic farms across the US, all of which are required to adhere to the USDA Organic standard (and as referenced in the "Implemented Management Practices" section will sustain annual volume ranges sourced from small, medium and large farms). Horizon remains committed to organic dairy and its stakeholders throughout the industry. It has been in communication with a variety of stakeholders including fellow B Corps, government officials, media, as well as groups in the organic industry and will continue to stay connected and transparent on this matter.</p>
RELATED INCIDENTS (YES/NO)	From 2018 to 2019 Danone North America issued non-renewals to 25 farmers in the Pacific Northwest due to similar transportation and logistical issues cited above



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DISCLOSURE QUESTIONNAIRE CATEGORY	Litigation and Arbitration
ISSUE DATE	Ongoing
TOPIC	Pending class action consumer lawsuit
SUMMARY OF ISSUE	In July 2019 a lawsuit was filed against Whitewave Foods Co., a subsidiary of Danone North America, in which a putativ class alleges some Vega products contatin non-functional slack fill.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	Approximately 2.8% of Danone North America PBC's sales came from the affected Vega products in the last fiscal year (FY2019). The class size of the affected products is unknown.
IMPACT ON STAKEHOLDERS	The lawsuit alleges that consumers were misled due to the amount of empty space included in the affected products' packaging.
RESOLUTION	This matter remains ongoing.
RELATED INCIDENTS (YES/NO)	One consumer class action lawsuit in the past 5 years was (and remains) stayed. All other consumer class action lawsuits from the past 5 years have been dismissed.



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UPDATED AS OF:

December 14, 2021

DISCLOSURE QUESTIONNAIRE CATEGORY	Litigation and Arbitration
ISSUE DATE	2017-2018
TOPIC	Litigation related to compliance with California's Proposition 65
SUMMARY OF ISSUE	Two separate lawsuits filed in 2017 and 2018 respectively alleged that certain Vega products did not comply with California's Proposition 65. Both lawsuits were settled.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	The total settlement amount for both lawsuits was \$397,500 USD
IMPACT ON STAKEHOLDERS	California's Proposition 65 law requires businesses to disclose exposures to chemicals that cause cancer, birth defects or other reproductive harm if they are present above specific thresholds.
RESOLUTION	In both cases, Vega denied the allegations and agreed to pay a settlement amount as well as to follow certain product testing and monitoring protocols
RELATED INCIDENTS (YES/NO)	Two related cases described above

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UPDATED AS OF:

December 14, 2021

DISCLOSURE QUESTIONNAIRE CATEGORY	Hazardous Discharges
ISSUE DATE	2017
TOPIC	Reportable spills and releases from manufacturing facilities with potential offsite impact
SUMMARY OF ISSUE	In 2017, there were two reportable spills from Danone North America manufacturing facilities that had potential offsite environmental impact and resulted in a fine/penalty from local environmental agencies. In 2019, there was one reportable spill from a Danone North America manufacturing facility that had actual offsite environmental impact and resulted in a fine/penalty from local environmental agencies.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	Spills/discharges occurred at three facilities, representing ~33% of the company's facilities by area. Total fines/penalties were immaterial (0.001% of annual revenue).
IMPACT ON STAKEHOLDERS	All three discharges had potential for environmental impact, and one instance resulted in limited fish kill. The other two instances had no known impact.
RESOLUTION	Danone North America immediately responded to mitigate the spill, perform the necessary cleanup, if needed, and to develop and implement preventative processes and procedures (see below).
IMPLEMENTED MGT PRACTICES	To date, Danone North America has implemented the following processes to prevent future incidents: 1. New 2020 Network corrective and preventative guideline addressing EHS incidents 2. New 2020 EHS Risk Assessment Standard 3. Environmental compliance has been incorporated into the EHS Pillar of DaMaWay, Danone's adaptation of Procter and Gamble's integrated management system focusing on zero defects and losses and employee ownership at the line level 4. Existing Incident investigation and Reporting standard
RELATED INCIDENTS (YES/NO)	There have been other reportable spills deemed to be insignificant because they were contained onsite and did not impact any offsite environment, workers, or the local community.