

Summary of Company

Danone Waters Germany is a subsidiary of Danone, a global, leading food company with the mission of bringing health through food to as many people as possible. Therefore, Danone is building on health focused and fast-growing categories in three businesses: Essential Dairy & Plant-based products, Waters and Specialized Nutrition.

Danone Waters Germany is a wholesale business unit of Danone, which means it markets Danone's natural mineral water brands in its area of operations, but the subsidiary does not directly control the product manufacturing process.

Danone Waters Germany sells two natural mineral water brands:

- Volvic®
- evian®¹

Danone Waters Germany Practices

Water Access

Danone owns or leases the land in the immediate proximity of the water sources for each brand sold by Danone Waters Germany. Volvic natural mineral water comes from Auvergne, a region in France known for its volcanic geology with the Chaine des Puys-Limagne Fault, recognized as a UNESCO World Heritage Natural Site. The source of evian natural mineral water comes out from the heart of the French Alps, a unique geological site in the world. Both underground origins act as a natural filter for the natural mineral waters, providing them with a distinctive mineral composition and natural purity.

Companies dedicated to the natural mineral water activity in France are required by law to pay specific taxes based on the volume sold, in order to access the water resource. Pursuant to French regulations, the proceedings of these taxes go to French customs and to the local municipalities. All Danone natural mineral water sites in France fully comply with this requirement.

Sustainable Usage

In order to ensure the company's water extraction rates are environmentally sustainable, the company commissions hydrogeological studies, which are used to inform the regulatory body which sets the permitted extraction rates and amounts. Water extraction for use by Danone Waters Germany does not impair the sustainability of the water resource over time. Extraction rates are monitored and adjusted by hydrological experts and according to the French

¹ Global No. 1 brand in Mineral Bottled Water per Euromonitor International Limited; Soft Drinks 2019 edition; as per combined sales of Still Natural Mineral Bottled Water and Carbonated Natural Mineral Bottled Water, Retail Value RSP, USD million, 2018 data

regulatory framework, to ensure that water levels are not permitted to go below minimum thresholds to ensure sustainability over time.

Danone Waters Germany's brands use Danone's proprietary SPRING (Sustainable Protection and Resource ManagING) evaluation method, which is designed to optimally manage the water resource. On their most recent SPRING rankings, Volvic's facilities are classified as "Standard" performance, meaning it scores at 80%, and evian's facilities earned the "Excellent" topmost ranking.

Waste Management

Danone Waters Germany sells two natural mineral water brands: Volvic and evian. In terms of product packaging for these different brands, the company uses a combination of virgin plastic, recycled plastic (rPET) and bio-based PET (a bio/plant-sourced plastic) across the various bottle formats. Currently, the average amount of recycled input material for each brand's water products is 25% rPET.

Furthermore, in 2018, evian committed to make all of its plastic bottles from 100% rPET by 2025. By the end of 2020, the company aims to have an average of 32% rPET in its evian formats and 41% average for all Volvic formats by the end of 2024. The goal is to have 100% rPET or 100% bio-based PET across all formats by the end of 2025.

In Germany, a 2016 study conducted by Gesellschaft für Verpackungsmarktforschung (roughly translated, "Association for Packaging Market Research") reported that the country's waste management system captures the vast majority of PET bottles entering the market for an effective recycling rate of approximately 98% of non-refillable bottles.

Company Management Comments on Waste Management

Danone Waters Germany is committed to continually improving the sustainability performance of its packaging. This can be demonstrated by steps taken over the past few years to increase the company's use of recycled input materials from 12% rPET in 2017 to 25% (25% for evian, 0% for Volvic Aquadrinks and 40% for Volvic naturelle) in 2019. In 2018, evian committed to make all of its plastic bottles from 100% rPET by 2025, a move that will see the natural mineral water brand adopt a 'circular approach' to its plastic usage, where plastic is kept within the economy and out of nature. Working in close relationship with the Ellen MacArthur Foundation to define this roadmap, packaging will evolve from potential waste to a valuable resource.

Through the company's environmental management system, Danone Waters Germany has set targets to continue increasing the amount of recycled plastic in its products, while it also continues investing in other bio-based packaging technology through Danone Waters globally. In addition to increasing the amount of rPET in its product packaging, the company has introduced bio-based PET.

Other Management Comments

In addition to managing the sustainability of the water extraction practices, Danone also has a number of community-based efforts focused on preserving the long-term quality and uniqueness of the brands' water sources and the biodiversity and overall agricultural development of the surrounding areas. In each region, they are public-private partnerships whose missions are to implement actions that reconcile local development and the preservation of the catchment area and biodiversity. For example, on the Volvic catchment area, the company collaborates with organizations to provide scientific and technical support to local farmers to help them implement sustainable agricultural practices for crop and land management as well as shifting to organic farming; another example, to protect the Evian watershed, the company partnered with a group farmers and local authorities, developing a biogas facility called Terragr'eau, which uses farm waste to produce a fertilizer and more than 40,000 tonnes of biogas per year.