



## Engaging on biodiversity with Danone, Nestlé and Unilever

Halting deforestation as a result of soy  
production for animal feed in Brazil

## Introduction

Within the IRBC agreement for the insurance sector, the Steering Committee annually determines a topic which will receive special attention. For 2021/2022, this was biodiversity. The Biodiversity Working Group was established for the purpose of developing the annual topic. The working group has jointly decided to start a collective engagement process aimed at:

- Preventing and limiting biodiversity loss (do no harm)
- Promoting and working on strengthening biodiversity (do good).

Within the broad topic of biodiversity, the key risks with regard to biodiversity loss within insurers' investment portfolios were identified. After studying the topic, deforestation, and in particular deforestation potentially associated with soy production, emerged as a material topic. ESG research provider Sustainalytics analysed the main players and risks in the soy chain and subsequently the link to Dutch and European companies in the insurers' investment portfolios. Based on this research, 3 companies were identified, and specific engagement goals and expectations were formulated. Most of the demand for soy is driven by the demand for animal feed for dairy and meat production and consequently by the food processing industries. The working group therefore decided to focus the collective engagement on learning more about how food producers Nestlé, Danone and Unilever consider this aspect in the oversight of their supply chain relations and their own operations\*.

\* The Dutch Government is a party to the IRBC agreement for the insurance sector, and supports the objectives of this Working Group in the IRBC agreement. The Dutch Government cannot, however, endorse this publication, which was prepared by the other parties to the IRBC agreement.

## Geographic and content focus

The Amazon and Cerrado were chosen as the prime focus area, due to the significant threat of biodiversity loss. At the same time, this area is linked to Europe's intensive livestock farming industry, which is the second largest importer of soy from Brazil after China. By focusing the collective engagement on the dairy and meat processing industries, a difference can be made at an important point in the production chain.

While formulating the engagement questions and selecting the companies, sustainable change was considered from a system perspective in addition to deforestation. This means looking beyond just the production of soy that may be directly or indirectly linked to deforestation; it means reviewing the entire system that sustains demand for soy, including locally sourced alternatives based on regenerative agricultural principles and the transition to alternative proteins as substitution for the future need for animal-based proteins. This system approach helps to bring into focus solutions that can make a real difference.



## Engagement goals

The engagement involved three companies in the dairy and meat processing industry: Unilever, Danone and Nestlé. The engagement was based on the following objectives:

1. The use of sustainable soy, both directly and indirectly as feedstock, in the company's products and its origin and contribution to deforestation.
2. The company's vision on the transition to locally sourced animal feed, and the plans and efforts the company is undertaking to realise this vision.
3. The company's vision on nature-inclusive circular farming, and the plans and efforts the company is taking to realise this vision.
4. The company's vision and plans to move towards a different protein product selection, expanding the company's portfolio of plant-based products.

In addition to the four engagement goals listed above, the overarching goal of this collective engagement is **to contribute to halting biodiversity loss as a result of deforestation**. We therefore also requested the companies we engaged with to share their policy on deforestation at large, their targets to halt and minimize their contribution to deforestation, and their policy on reforestation and forest conservation.

## Process followed

In 2021, the selected companies were invited to discuss the companies' actions and progress in relation to the engagement goals. Following the companies' responses, engagements calls were held throughout 2021 and 2022. The working group used the information provided by the companies in engagement calls, information provided in writing, information published by the companies on their websites and in annual and sustainability reports, etc., information provided by ESG research provider Sustainalytics and information available in the public domain. Based on this information, the working group drafted an overview, summarizing the efforts per individual company. This overview – the KPI Framework – was shared with the companies for review. Based on the companies' responses, an individual assessment, conclusions and subsequent recommendations were made per company. The working group's composition has been considered highly beneficial during the analysis and conversations with the companies. The working group members, representatives of NGOs and the insurance sector, combine knowledge on the key areas of focus: sustainability of raw commodity supply chains, nature-inclusive circular farming and the protein transition.

The working group's findings and recommendations are based on the aforementioned process, the information used and available sources. The working group exercised the greatest possible care in collecting and processing the information and in drafting its recommendations. The working group, however, cannot guarantee that all the information in this publication is a complete representation of all the companies' public communications.

## Insights

The working group members concluded that the companies generally disclose sufficient information regarding their policies, targets and progress in the areas of biodiversity and deforestation. The level of detail in the information provided differs between the companies as well. Despite extensive analysis of standing company policies, it was difficult to get a good overview of the progress of the three companies on the stated engagement goals. Although the companies are often considered among the leaders in ESG disclosure, public information on these particular issues can be further improved, especially with regard to goals 2, 3 and 4, where we need to see clearer targets, KPIs and timelines.

For this reason, the working group decided to draw up Key Performance Indicators (KPIs) for the four engagement goals and assess the companies on these goals based on their current publicly stated company policies. The KPI framework was used as a guidance and reporting document for the collective engagement trajectory. These findings were then presented to the companies in question, giving them the opportunity to respond and make additions. This resulted in the following KPI framework, that has five indicators:

1. What are the current policies in place and what publicly available policy documents reflect the company policies on this particular subject?
2. What are the goals, targets and/or milestones that follow from these policies?
3. What are the KPIs that follow from these goals, targets and/or milestones (including baseline/reference, cut-off dates, current status and 'gap-to-target')?
4. Are the aforementioned targets and KPIs subject to third party validation?
5. To what extent are these targets and KPIs reflected in the remuneration policies (or similar instruments) of senior management?

The working group has asked the companies to include the KPIs as standard in their public policies, so that it is made clear to investors and other stakeholders



how these companies are working to not only make soy production more sustainable, but also to reduce the demand for soy from the dairy and meat processing industries. Both sides of this coin can prevent deforestation, thus helping to protect biodiversity. This document will continue with a brief outline of the general policies of the three companies on deforestation and soy, and the most important comments of the working group. The complete KPI framework of each company, which includes more information and details, can be found in the annex.

Reflecting on the composition of the working group and the roles of the different sections, we can conclude that this cooperation has brought extra value to the engagement. Especially in the phase of exploration of the topic, identifying target-companies and engagement goals, the expertise and insights from the different sections added to the quality and depth of insights. The cooperation was also constructive and valuable during the engagements and assessment of information received.

# Danone

## General policies of Danone

Danone committed to a deforestation-free supply chain by 2020 and has extended its original commitments annually. Danone is a member of the Roundtable on Responsible Soy and a signatory of the Cerrado Manifesto, which calls for a halt to deforestation and native vegetation loss in Brazil's Cerrado. Danone does not publish a soybean suppliers list (as the company does for palm oil); Danone does, however, mention its top tier 1 suppliers for all forest-risk commodities in its 2021 'Forest Update on Key Categories'. Danone's current regenerative policy and implementation are part and parcel of its mission to become a 'Société à mission' (a status defined by the French PACTE Law). Danone's performance in this respect is assessed by an independent third party and results are published in an annual report of the 'Mission Committee'.

## Comments of the working group

During the engagement trajectory with Danone (from October 2021 to December 2022), it became clear that Danone was in the process of drafting a new set of Sustainability Indicators. Because of this, the representatives of Danone whom the working group spoke with could not share any specific details on targets or on KPIs. The working group did offer to provide input on the new set of Sustainability Indicators, which was welcomed by Danone. However, there was no follow-up from Danone's side. After several attempts to contact Danone for an adequate wrap-up of the engagement process, with no response, the working group concluded that the company was no longer interested in this particular dialogue.

In its most recent report covering 2021 (published March 2022), Danone's Mission Committee informed its stakeholders about a strategic review initiated by Danone's Management. The Mission Committee described how it has sought to provide



input for the new 2025 set of goals, which resulted in a set of KPIs (which included the percentage of Danone's farmers transitioning to regenerative agriculture) and described that it was now up to the new management 'to set specific targets for each of the indicators and design a trajectory towards achieving them'<sup>1</sup>. The working group strongly recommended that the KPIs as set out by the Mission Committee be integrated in the new 2025 set of goals by Danone's management.

<sup>1</sup> [committeereportva0422.pdf \(danone.com\)](#), p. 16.

# Nestlé

## General policies of Nestlé

“Forest Positive strategy, which builds on our decade-long work to end deforestation in our supply chains. Forest Positive is Nestlé strategy to move beyond managing deforestation risks in our supply chain to targeting a positive impact on our broader sourcing landscapes. This includes growing 200 million trees by 2030.”<sup>2</sup> Nestlé has deforestation targets for their first-tier suppliers of palm oil, timber products, cattle products, soy, coffee and cocoa. Targets range from 100% deforestation-free to 100% traceability.

## Comments of the working group:

The dialogue with Nestlé has been elaborate and the working group has engaged with different experts within the company. Nestlé sees halting deforestation and the transition to sustainable agricultural practices as a means to reduce negative climate and biodiversity impacts as a priority. However, there are still many hurdles on the road ahead. One of the main challenges regarding soy sourcing is the screening, measurement and target setting around indirect soy use, which is a significant part of their total soy sourcing. In addition, Nestlé prioritizes the transition to regenerative agricultural practices and aims to have 20% of their key ingredients sourced through regenerative agriculture in 2025. They want to take the lead in developing standards and certification in that area, but we see a clear risk due to the fact that targets, policies and pilots are lacking clear indicators for the results that regenerative agriculture should deliver in relation to climate and biodiversity. This makes it difficult for investors and other stakeholders to track and interpret the concrete climate and biodiversity results of Nestlé’s efforts through the application of regenerative agriculture practices. Furthermore, Nestlé sees plant protein products primarily as an opportunity to expand and grow the



business in several markets. The working group has stressed that we expect Nestlé to actively contribute to a shift in balance between animal- and plant-based protein, as a growth in both segments would pose a risk for climate and biodiversity impacts.

<sup>2</sup> <https://www.nestle.com/sites/default/files/2021-06/nestle-towards-forest-positive-future-report.pdf>

# Unilever

## General policies of Unilever

Unilever committed to a deforestation-free supply chain by 2023. Unilever is a founding member of the Round Table on Responsible Soy and a signatory of the Cerrado Manifesto, which calls for a halt to deforestation and native vegetation loss in Brazil's Cerrado. The company also works with partners on the ground, like Aliança da Terra, to promote the production of deforestation-free soy in Southern Cerrado via the Round Table on Responsible Soy (RTRS) certification. In 2021, this programme has resulted in over 85,000 hectares of sustainably managed lands, including more than 16,000 hectares of protected native vegetation and the restoration of around 1,075 hectares of degraded land with native vegetation<sup>3</sup>. Unilever publishes a soybean suppliers list, with details of its direct suppliers, accounting for more than 99.9% of its soy oil purchases.

## Comments from the working group

Unilever has a clear target to ensure a deforestation-free supply chain by 2023. This includes freeing its entire soy supply chain from causing deforestation, aiming to source only sustainable and traceable soy. With regard to the direct sourcing of soy, Unilever is making good progress towards the 2023 deadline. Unilever is a member of the Round Table on Responsible Soy and the Cerrado Manifesto, and several other (local) partnerships to halt deforestation. The ambition to ensure a deforestation-free supply chain by 2023 covers not only soy, but also includes other commodities often associated with deforestation such as palm oil, paper and board, tea, and cocoa. Unilever provides a comprehensive overview of its sourcing practices and for direct soy, the company provides a list of the soybean suppliers used, allowing for transparency as to the origin of the soy used. Progress regarding Unilever's deforestation-free supply chain is monitored, e.g. by means of

self-reporting of deforestation-free commodity volumes in 2022 and independently verified volumes in 2023. Many of the remaining challenges are in the area of embedded soy use (approximately 33% of total soy use). The company has considerable work to do regarding its indirect soy use, before the deadline of the end of 2023.

Looking at the more systemic solutions to reduce the deforestation pressures from the demand for soy from Brazil, Unilever's efforts can and should be further enhanced. The prime solution now is to source soy from the US. The company has some pilots for alternative, locally sourced animal feed, but this is early stage and small scale. The same goes for more sustainable farming methods. The company also bought its stake in the growing market for alternative protein products. Although this business is growing, the working group advocates an alternative protein policy, subsequent roadmap, and related targets and progress indicators in relation to the decline of animal protein in products, to be combined in a cohesive program within the company's wide array of sustainability initiatives. All in all, although Unilever may be among the industry leaders in fighting deforestation, it also can – and has to – accelerate its efforts to turn the tide for biodiversity loss by 2030. With executive remuneration being linked to sustainability, the working group advocates a continued, albeit more granular, disclosure of progress of the company's deforestation-free commitments subject to independent, third-party, verification.

<sup>3</sup> Claim not verified in annual report or any other reference.

# Annexes

## KPI frameworks of Danone, Nestlé and Unilever

### KPI framework Danone

Engagement goals	Key issues and definitions to be addressed by company	KPIs*
1. The sustainable use of soy, both directly and indirectly (as feedstock) in company products	Company's definitions of guaranteed ( e.g. certified) zero gross deforestation and zero gross conversion for the production of soy should align with <a href="#">The Accountability Framework</a> . The same applies for the definition of targets and cut-off dates. We would expect <u>company</u> to strive for zero gross deforestation by 2025.	<ul style="list-style-type: none"> <li>■ X% of <u>direct</u> soy supply that is guaranteed to be (gross) deforestation- and conversion-free</li> <li>■ X% of <u>indirect</u> soy supply that is guaranteed to be (gross) deforestation- and conversion-free</li> </ul>

\* In relation to baseline year.

4 [forest-update-on-key-categories-2021-data.pdf \(danone.com\)](#)

5 [Forest-update-key-categories-2020.pdf \(danone.com\)](#)

Company response	Comments & expectations from the working group
<ul style="list-style-type: none"> <li>■ Danone has committed to eliminating deforestation from its supply chain. In the <i>Forest Updates On Key Categories</i>, the company shares data on the sourcing of cattle, soy, paper and palm oil. Danone has also disclosed deforestation-free soy volumes to CDP<sup>4</sup></li> <li>■ Danone led a traceability exercise with Transparency for Sustainable Economies (Trase) to determine the risk linked to soy imported into Europe, Russia and Africa for animal feed to produce fresh milk. In addition, they undertook country-by-country analysis to have a more accurate assessment of the origins of indirect soy in 2019. Based on this study, Danone estimates that 27% of the soy used for animal feed by farmers is untraced and could be a risk of deforestation, mainly in Europe, Russia and Africa<sup>5</sup>.</li> <li>■ Danone's strategy to minimize this risk is to (a) continue their work on traceability and origins of indirect soy, and (b) work with farmers to transition to local soy/soy alternatives. At the end of 2020, Danone purchased 14,000 RTRS credits in order to promote the transition to sustainable soy<sup>6</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>■ Danone has set a 2020 target for a 'deforestation- and conversion-free' supply chain<sup>7</sup>.</li> <li>■ Danone's main challenge when it comes to sustainable soy is the traceability of indirect soy sourcing. At the end of 2021, Danone had mapped 85% of its indirect soy sourcing, and continued mapping the remaining 15% in 2022. Although Danone is claiming that these indirect volumes are deforestation-free, 55% originated from high-risk areas, thereby exposing Danone to a significant risk of deforestation-linked supply<sup>8</sup>.</li> <li>■ Keeping in mind upcoming EU regulation on deforestation-free supply chains, the IRBC members recommend that Danone further improve transparency of public disclosure and provide evidence of its 'deforestation- and conversion-free' claims.</li> <li>■ In addition, IRBC members recommend that Danone publish a soy suppliers list, similar to that for palm oil, on a (semi) annual basis, as well as a public grievance tracker.</li> </ul>

6 [Forest-update-key-categories-2020.pdf \(danone.com\)](#)

7 [danone-renew-forest-policy-dec-2022.pdf](#)

8 [Forest-update-key-categories-2020.pdf \(danone.com\)](#)



Engagement goals	Key issues and definitions to be addressed by company	KPIs*
2. <b>Vision on the transition to locally sourced animal feed</b> , and the plans and efforts your company is undertaking to realise this vision	<p><u>Company</u> defines 'local'</p> <p><u>Company</u> defines 'residual'</p>	<ul style="list-style-type: none"> <li>■ X% of proteins used for feed that is locally grown</li> <li>■ X% of proteins from local residual flows</li> </ul>

Company response	Comments & expectations from the working group
<ul style="list-style-type: none"> <li>■ In general, soy represents less than 5% of the feed ratios for Danone dairy cows, which are mostly grass- and grain-fed.<sup>9</sup></li> <li>■ In Brazil, 100% of soy used by the farms where Danone sources milk comes from Minas Gerais State. Soy used for 85% of the milk Danone sources comes from the Central de Compras facility managed by Danone Brazil, which traces and maintains documentation on soy origin. Danone's aim is for 100% of the dairy farmers in its supply chain to use this facility.</li> <li>■ In Argentina, 100% of soy used for animal feed is grown in the Buenos Aires province.</li> <li>■ Soy used for animal feed in US and Latin America is purchased locally.</li> <li>■ 100% of soy purchased in the US is grown there.<sup>10</sup></li> <li>■ For indirectly sourced soy mainly used for cow feed, Danone is implementing projects to help farmers plant local soy alternatives, making them less dependent on imported soy, as well as reducing the risk of importing soy from deforestation prone areas.</li> <li>■ In its Regenerative Agriculture Scorecard,<sup>11</sup> Danone has introduced the indicator 'feed self-sufficiency', which is defined by the indicators:</li> </ul>	<ul style="list-style-type: none"> <li>■ As part of its regenerative policy, Danone has defined criteria to measure and reward farmers for the relative portion of the proteins used for animal feed that is sourced locally. This approach integrates the use of residual products.</li> <li>■ In addition, Danone is involved in various projects in which farmers are encouraged to source their feed locally, as well as source alternative proteins.</li> <li>■ It is recommended that this approach be continued and strengthened as part of the new 2025 set of goals.</li> </ul>

\* In relation to baseline year.

<sup>9</sup> [forest-update-on-key-categories-2021-data.pdf \(danone.com\)](#)

<sup>10</sup> [Forest-update-key-categories-2020.pdf \(danone.com\)](#).

<sup>11</sup> [Danone-regenerative-agriculture-2021-scorecard.pdf](#).

Engagement goals	Key issues and definitions to be addressed by company	KPIs*
3. Vision on nature-inclusive circular farming, and the plans and efforts your company is undertaking to realise this vision	<p><u>Company</u> provides a clear set of requirements for regenerative outcomes, preferably in line with the OP2B indicators<sup>12</sup> and the <a href="#">Food and Agriculture Benchmark of the World Benchmarking Alliance</a>, defining and distinguishing different maturity levels of implementation.<sup>13</sup></p> <p><u>Company</u> includes the principles of circularity in its definition of regenerative agriculture.</p>	<ul style="list-style-type: none"> <li>■ X% of farmers in the supply chain that comply with the regenerative outcomes as set out by <u>company</u>;</li> <li>■ X% of farmers in the supply chain that comply with the principles of circularity;</li> </ul>

\* In relation to baseline year.

12 See [https://op2b.org/wp-content/uploads/2021/09/OP2B-Regenerative-Agriculture-Leaflet\\_FINAL.pdf](https://op2b.org/wp-content/uploads/2021/09/OP2B-Regenerative-Agriculture-Leaflet_FINAL.pdf), and specifically indicator 1-6.

Company response	Comments & expectations from the working group
<ul style="list-style-type: none"> <li>- % of the sustainable protein source that can be tracked</li> <li>- % of protein locally grown (&lt;500km)</li> <li>- % of protein locally grown (&lt;100km)</li> <li>■ In the definition of sustainable protein sources, Danone also includes alternative sources of proteins (any legumes or by-products like rapeseed cake, brewers' grains).</li> <li>■ Danone will continue its efforts to localize animal feed production, while working with the Roundtable on Responsible Soy (RTRS) to purchase credits that support the transition to sustainable soy.</li> </ul>	
<ul style="list-style-type: none"> <li>■ Danone has been working since 2017, to transform practices on the ground to transform the way their ingredients are sourced. Danone now has regenerative agriculture programs in the United States, France, Spain, Mexico, Algeria, Morocco, Egypt and Romania. To date, Danone has converted over 150,000 hectares to regenerative agriculture, representing over 12% of its direct sourcing.<sup>14</sup></li> <li>■ At the moment, Danone works directly with over 50,000 farms and partners to regenerate soils across the world. Regenerative agriculture is at the heart of Danone's commitments to achieve net zero emissions by 2050, and be a positive water impact company.</li> </ul>	<ul style="list-style-type: none"> <li>■ Danone has a regenerative policy that translates into a scorecard with concrete criteria and a measure of the level of adherence of a farmer to regenerative practises. Danone, as part of its mission to become a 'Société à mission' (a status defined by the French PACTE Law), defined a clear target for the % of its farmers that are in transition to regenerative agricultural practises. Danone's performance vis-à-vis this target is assessed by an independent third party. Results are published in the report of the 'Mission Committee'. In its most recent (2022) report (covering 2021), the Mission Committee mentions the following: <i>"This year, Danone's management has embarked on a strategic review leading to</i></li> </ul>

13 Specifically, indicators B1, B2, B3, B6, B7, B8.

14 [Danone-regenerative-agriculture-2021.pdf](#).

Engagement goals	Key issues and definitions to be addressed by company	KPIs*
	<p>The defining principles of circularity in farming, according to WUR<sup>15</sup>:</p> <ol style="list-style-type: none"> <li>1. Crops suited for humans cannot be used as animal feed;</li> <li>2. Residues from food should be recycled back into the food system;</li> <li>3. Feed biomass unsuited for human consumption to animals to produce protein.</li> </ol>	

Company response	Comments & expectations from the working group
<ul style="list-style-type: none"> <li>■ Danone has a Regenerative Policy that translates into a Regenerative Agriculture Scorecard.<sup>16</sup> The main purpose of this assessment tool is to engage farmers and accompany them through the regenerative agriculture journey. By assessing a farmer's current practices first, Danone can define a specific roadmap for each farmer to support him/her/ them in developing more sustainable agricultural activities.</li> <li>■ To promote continuous progress, Danone has set a 3-year time frame for each farmer to reassess his/her/ their farm using the latest version of the group's scorecard. Danone will publish results on an annual reporting basis, starting with its direct sourcing footprint in 2020 and 2021, and moving to an enlarged scope afterwards. Ultimately, Danone's goal is not to certify its partners through the scorecard, but to support their transition and progress towards regenerative agriculture.</li> <li>■ These actions all contribute to the target that Danone has set as part of its strategic 'Entreprise à Mission'</li> </ul>	<p><i>a new 2025 set of goals, which include a full trajectory starting in 2022 to be agreed upon around mid-year. (...) one of our key objectives in 2021 as the Mission Committee was to work with Danone on ensuring that its plans for beyond 2022 fully reflect its mission objectives, thus leading to an ambitious 2025 agenda coherent with the Company's purpose. (...) The result is a 2025 agenda in which ambitious goals are defined for each of the mission objectives. Each goal is supported by indicators that we will use to monitor Danone's progress. (...) What remains to be done in the coming months is to set specific targets for each of the indicators and design a trajectory towards achieving them.</i><sup>17</sup></p> <ul style="list-style-type: none"> <li>■ Following the reasoning of the Mission Committee, the IRBC members recommend that a clear and specific target is set for the indicator 'view agriculture as a solution' (e.g. 'volume of key ingredients directly sourced from farms that have begun the transition towards regenerative agriculture (%)'), and that a clear path is defined towards achieving them.</li> <li>■ In addition, and more specifically, it is recommended that a future revision of the scorecard explores how the defining principles of circular agriculture can be integrated.</li> </ul>

\* In relation to baseline year.

<sup>15</sup> <https://www.wur.nl/en/newsarticle/circularity-in-agricultural-production-1.htm>.

<sup>16</sup> [Danone-regenerative-agriculture-2021-scorecard.pdf](#).

<sup>17</sup> [committeereportva0422.pdf](#) (danone.com) pp. 2 and 16.

Engagement goals	Key issues and definitions to be addressed by company	KPIs <sup>*</sup>	
4. Vision and plans to move towards different protein product selection, expanding the company's portfolio of plant-based products.	<p><u>Company</u> provides insight into its protein diversification activities or commitments to promoting these, such as research and development (R&amp;D), acquisitions, reformulation, product expansion, marketing, or product placement.</p> <p><u>Company</u> sets a clear target for protein diversification that replaces animal-based proteins with an increased proportion of plant-based proteins.</p> <p><u>Company</u> publishes performance against its target, such as sales-weighted performance data.<sup>18</sup></p>	ACCOUNTING METRIC	UNIT OF MEASURE
		Volume of alternatives	Metric tons (t), Percentage (%) by metric tons (t)
		Revenue from alternative protein products (absolute and related to animal-protein revenue)	Reporting currency, Percentage (%) by revenue (reporting currency)

Company response	Comments & expectations from the working group
<p>agenda: to have 15% of its volume of key ingredients sourced directly from farms that have started the transition towards regenerative agriculture by the end of 2021. This is a key initial step for Danone, which aims to have all of its partner farmers adopt this approach. In 2021, Danone reached 19.7%.<sup>19</sup></p>	
<ul style="list-style-type: none"> <li>■ Danone has highlighted the size of its plant-based business (EUR 2 billion in 2019) in the United States and some European countries, and the fact that the company is seeking to further expand this segment.</li> <li>■ Danone considers plant-based to be a key strategic growth market and aims to increase annual sales of plant-based alternatives to EUR 5 billion by 2025.</li> <li>■ Danone's expansion in the plant-based segment particularly took off when Danone acquired WhiteWave (brands: Silk, So Delicious, Vega and Alpro) in 2017.</li> <li>■ Danone highlights that the company would like to target 'the growing number of flexitarians looking to diversify their protein sources'.</li> </ul>	<ul style="list-style-type: none"> <li>■ No target for plant-based sales relative to animal-based protein sales has been set, nor has a target been formulated to reduce the use of protein altogether. The IRBC members expect Danone to develop a roadmap to increase the volume of plant-based products and reduce the volume of animal-based products in absolute terms.</li> <li>■ The IRBC members recommend that Danone take a look at the Alternative Protein Framework published by FAIRR,<sup>20</sup> which provides a helpful framework for reporting on ESG risks in relation to animal-based vs. plant-based products.</li> <li>■ We expect Danone to disclose and report on progress on targets concerning the key metrics of animal proteins and plant-based proteins in the product portfolio as portrayed in the third column of this row.</li> </ul>

\* In relation to baseline year.

18 Source: Indicator B5 of the Food and Agriculture Benchmark of the World Benchmarking Alliance. This indicator references the indicators of the FAIRR Initiative.

19 [committeereportva0422.pdf](#) (danone.com)

20 [Webinar Registration | FAIRR Initiative](#).

Engagement goals	Key issues and definitions to be addressed by company	KPIs <sup>†</sup>

Company response	Comments & expectations from the working group
	<ul style="list-style-type: none"> <li>As mentioned in the 2021 Mission Committee report, the Committee emphasizes the importance of climate action and states that it will be one of the focus points for the 2025 agenda, including Danone's entire value chain (scope 3). Reducing animal-based proteins and increasing plant-based proteins will aid in achieving a reduction in scope 3 emissions linked to Danone's supply chain. The IRBC members encourage Danone to include this aspect in Danone's climate strategy, also given the fact that Danone works with SBT to define pathways for the forest, land and agriculture sector – in line with FLAG.</li> </ul>

## KPI framework Nestlé

Engagement goals	Key issues and definitions to be addressed by company	KPIs*
1. The sustainable use of soy, both directly and indirectly (as feedstock) in company products.	Company's definitions of guaranteed (e.g. certified) zero gross deforestation and zero gross conversion for the production of soy should align with <a href="#">The Accountability Framework</a> . The same applies to the definition of targets and cut-off dates. We would expect the company to strive for zero gross deforestation by 2025.	<ul style="list-style-type: none"> <li>■ X% of direct soy supply that is guaranteed to be (gross) deforestation- and conversion-free;</li> <li>■ X% of indirect soy supply that is guaranteed to be (gross) deforestation- and conversion-free;</li> </ul>
2. Company's vision on the transition to locally sourced animal feed; and the plans and efforts your company is undertaking to realise this vision;	Company defines 'local'. Company defines 'residual'.	<ul style="list-style-type: none"> <li>■ X% of proteins used for feed that is locally grown.</li> <li>■ X% of proteins from local residual flows.</li> </ul>
3. Company's vision on nature-inclusive circular farming, and the plans and efforts your company is undertaking to realise this vision;	Company provides a clear set of requirements for regenerative outcomes, preferably in line with the OP2B indicators <sup>21</sup> and the <a href="#">Food and Agriculture Benchmark of the World Benchmarking Alliance</a> , defining and distinguishing different maturity levels of implementation <sup>22</sup> .	<ul style="list-style-type: none"> <li>■ X% of farmers in the supply chain that comply with the regenerative outcomes as set out by company;</li> <li>■ X% of farmers in the supply chain that comply with the principles of circularity;</li> </ul>

\* In relation to baseline year.

21 See [https://op2b.org/wp-content/uploads/2021/09/OP2B-Regenerative-Agriculture-Leaflet\\_FINAL.pdf](https://op2b.org/wp-content/uploads/2021/09/OP2B-Regenerative-Agriculture-Leaflet_FINAL.pdf), and specifically indicator 1-6

22 Specifically, indicators B1, B2, B3, B6, B7, B8.

Company response	Comments & expectations from the working group
Zero deforestation targets since 2010 <sup>23</sup> : <ul style="list-style-type: none"> <li>■ Direct sourcing (meat, palm oil, pulp, soya and sugar): Target 100% in 2022, achieved 97% in 2021.</li> <li>■ Indirect sourcing: no target yet.</li> <li>■ Nestlé did calculate % at high risk. Results to be published in 2022.</li> <li>■ 98% of direct soy sourcing deforestation-free by 2022.</li> </ul>	The target for direct sourcing is already ambitious and the focus for Nestlé is on indirect sourcing. By identifying and reporting on the percentage of the supply chain at high risk, Nestlé is taking a first step to explore the indirect part of the supply chain. As a next step we expect Nestlé to develop targets and mitigation measures to guarantee deforestation-free indirect sourcing.
Nestlé has no specific vision, policy or targets on the transition to locally sourced animal feed or animal feed from residual flows for meat and dairy-based products.	We expect Nestlé to develop a policy and implementation plan to increase the transition to locally sourced animal feed. This could be an integral part of Nestlé's climate policy 'Net Zero Roadmap'.
Policies <sup>24</sup> : <ul style="list-style-type: none"> <li>■ Nestlé discloses their own indicators and definitions in their regenerative agriculture strategy.</li> <li>■ Nestlé is working with their peers on developing common standards in the Sustainable Agriculture Initiative Platform (SAI).</li> </ul>	Nestlé understands the importance of regenerative agriculture and wants to take the lead in developing sector standards and definitions.  A next step is to formulate targets on growing the share of regenerative agriculture practices and on indicators such as CO <sub>2</sub> sequestration and water use.

23 <https://www.nestle.com/sustainability/nature-environment/forest-positive/deforestation-supply-chains>.

24 <https://www.nestle.com/sustainability/nature-environment/regenerative-agriculture>.

Engagement goals	Key issues and definitions to be addressed by company	KPIs <sup>*</sup>	
	<p>Company includes the principles of circularity in its definition of regenerative agriculture. The defining principles of circularity in farming, according to WUR<sup>25</sup>:</p> <ol style="list-style-type: none"> <li>1. Crops suited for humans cannot be used as animal feed;</li> <li>2. Residues from food should be recycled back into the food system;</li> <li>3. Feed biomass unsuited for human consumption to animals to produce protein.</li> </ol>		
4. Company's vision and plans to move towards different protein product selection, expanding the company's portfolio of plant-based products.	<p>Company provides insight into its protein diversification activities or commitments to promoting these, such as research and development (R&amp;D), acquisitions, reformulation, product expansion, marketing or product placement. Company sets a clear target for protein diversification that replaces animal-based proteins with an increased proportion of plant-based proteins. Company publishes performance against its target, such as sales-weighted performance data<sup>26</sup>.</p>	ACCOUNTING METRIC	UNIT OF MEASURE
		Volume of alternatives	Metric tons (t), Percentage (%) by metric tons (t)
		Revenue from alternative protein products (absolute and related to animal-protein revenue)	Reporting currency, Percentage (%) by revenue (reporting currency)

\* In relation to baseline year.

25 <https://www.wur.nl/en/newsarticle/circularity-in-agricultural-production-1.htm>.

Company response	Comments & expectations from the working group
<ul style="list-style-type: none"> <li>■ Nestlé aims to source 20% of their key ingredients from regenerative agriculture in 2025, 50% in 2030. The food system consists of 500,000 farmers and 150,000 suppliers</li> <li>■ Stimulation of regenerative agriculture by technical assistance, investment support and paying premiums for regenerative agriculture products.</li> <li>■ Nestlé has no (i) specific targets or KPIs for growth or (ii) share of regenerative agriculture practices implemented by their supplying farmers and (iii) no KPIs regarding the different indicators like CO<sub>2</sub> sequestration or water use.</li> </ul>	
<p>With plant-based sales in 2022 reaching almost 1 billion, Nestlé has no (public) targets yet relating to the protein transition or increased plant-based products/decreased animal-based products in its portfolio. The company provides insight into their diversification activities in their reporting. Plant-based is seen as a strategic growth market The company has plant-based brands such as Garden Gourmet and Wunda.</p>	<p>Nestlé is expanding activities relating to plant-based protein products but has not set any (externally communicated) targets. We expect Nestlé to play a pro-active role in the transition from animal- to plant-based proteins through their product portfolio, marketing efforts and sector engagement.</p>

26 Source: Indicator B5 of the Food and Agriculture Benchmark of the World Benchmarking Alliance. This indicator references the indicators of the FAIRR Initiative

## KPI framework Unilever

Engagement goals	Key issues and definitions to be addressed by company	KPIs**
1. The sustainable use of soy, both directly and indirectly (as feedstock) in the company's products.	<p>Company's definitions of guaranteed (e.g. certified) zero gross deforestation and zero gross conversion for the production of soy should align with <a href="#">The Accountability Framework</a><sup>27</sup>. The same applies for the definition of targets and cut-off dates.</p> <p>We would expect the company to aim for zero gross deforestation by 2025.</p>	<ul style="list-style-type: none"> <li>■ X% of direct soy supply that is guaranteed to be (gross) deforestation- and conversion-free;</li> <li>■ X% of indirect soy supply that is guaranteed to be (gross) deforestation- and conversion-free;</li> </ul>

Company response	Comments & expectations from the working group
<ul style="list-style-type: none"> <li>■ Deforestation target: Unilever committed to a deforestation-free supply chain by 2023<sup>28</sup> (100%).</li> <li>■ Progress: in 2020 Unilever purchased and/or contracted 83% of volume of supply of palm oil, soy, and paper and board from low-risk sources<sup>29</sup>.</li> <li>■ Most of the direct soy used (96%) comes from identified origins at the country level – mainly the US and Latin America.</li> <li>■ Main challenge: 'Embedded (indirect) soy in dairy and eggs' requires further work with suppliers. Embedded soy accounts for an estimated 33% of Unilever's total soy use<sup>30</sup>.</li> <li>■ In cases where it sources from origins with high conversion and deforestation risk, such as Brazil, it uses recognised industry standards, such as Proterra, to ensure sourcing deforestation-free soy.</li> <li>■ In 2022 Unilever will begin verifying that its soy supply chain is deforestation- and conversion-free through an independent verification process.</li> </ul>	<p>Unilever has a 'deforestation- and conversion-free' target for end 2023. This is in line with leading industry peers (target before 2025);</p> <p>Remaining challenges are: Sourcing of embedded soy. Sourcing 'responsible soy' from suppliers that remain linked to deforestation (reputational risks).</p> <p>Unilever can further improve transparency of public disclosure, providing complete evidence of its 'deforestation- and conversion-free' sourcing - especially for embedded soy - and with reference to the criteria and standards it follows, and coverage of the full scope of its sourcing of soy-related products, both direct and embedded.</p> <p>Third party verification of this reporting will add further quality to the reporting.</p>

\* In relation to baseline year.

<sup>27</sup> <https://www.unilever.com/planet-and-society/protect-and-regenerate-nature/zero-deforestation/>. From the text in the link it is not clear if Unilever follows / adheres to / implements the Accountability Framework.

<sup>28</sup> This means that by the end of 2023, our raw materials will come from places that are verified as deforestation- and conversion-free, see (<https://www.unilever.com/planet-and-society/protect-and-regenerate-nature/zero-deforestation/>).

<sup>29</sup> Unilever Annual Report and Accounts 2021.

<sup>30</sup> Conversation on November 25, 2021.



Engagement goals	Key issues and definitions to be addressed by company	KPIs*
<p>2. <b>Company’s vision on the transition to locally sourced animal feed;</b> and the plans and efforts your company is undertaking to realise this vision.</p>	<p>Company defines ‘local’.</p> <p>Company defines ‘residual’.</p>	<ul style="list-style-type: none"> <li>■ X% of proteins used for feed that is locally grown.</li> <li>■ X% of proteins from local residual flows.</li> </ul>

Company response	Comments & expectations from the working group
<p>“Unilever is exploring the approach of feeding dairy cows with feed that does not compete with the production of food. The focus of this exploration is on grass and by-products from the food industry, and part of the approach includes looking into locally sourced animal feed. Starting in 2022 two pilots will be started in the US and Europe and on the basis of the results of these pilots a strategy for scaling will be developed.”</p>	<p>Unilever has no specific vision, policy or targets on the transition to locally sourced animal feed or animal feed from residual flows for meat and dairy based products. Although local sourcing of animal feed and the use of residual flows would fit well within regenerative agriculture, Unilever does not yet integrate this in its regenerative principles, nor in its sustainable agriculture code 2017. Similarly, Unilever’s food waste policy and circular policy do not yet describe the circular opportunities within agriculture. However, in its policy on regenerative agriculture, Unilever suggests that rest products from the local food industry (other than the rest streams of soy and palm oil production) may be used for cattle feed.</p> <p>The pilots are promising, and the subsequent strategy for scaling should be an absolute priority. Unilever can further improve the sustainability of its production chain through incentivising farmers to source their animal feed locally. Furthermore, Unilever can develop an integral policy that explores the links between food waste, circularity and regenerative agriculture. This policy should be accompanied by an implementation guide.</p>

Engagement goals	Key issues and definitions to be addressed by company	KPIs*
<p>3. Company's vision on nature-inclusive circular farming, and the plans and efforts your company is undertaking to realise this vision.</p>	<p>Company provides a clear set of requirements for regenerative outcomes, preferably in line with the OP2B indicators<sup>31</sup> and the <a href="#">Food and Agriculture Benchmark of the World Benchmarking Alliance</a>, distinguishing different maturity levels of implementation.<sup>32</sup></p> <p>Company includes the principles of circularity in its definition of regenerative agriculture.</p> <p>The defining principles of circularity in farming, according to WUR<sup>33</sup>:</p> <ol style="list-style-type: none"> <li>1. Crops suited for humans cannot be used as animal feed;</li> <li>2. Residues from food should be recycled back into the food system;</li> <li>3. Feed biomass unsuited for human consumption to animals to produce protein.</li> </ol>	<ul style="list-style-type: none"> <li>■ X% of farmers in the supply chain that comply with the regenerative outcomes as set out by company;</li> <li>■ X% of farmers in the supply chain that comply with the principles of circularity;</li> </ul>

Company response	Comments & expectations from the working group
<p>"Our Compass target to 'Help protect and regenerate 1.5 million hectares of land, forests and oceans by 2030' encompasses our commitment to support regenerative agriculture. This goal builds on our long-standing commitment to source our agricultural raw materials sustainably. In 2021, 79% of key agricultural materials were sustainably sourced; in addition, by the end of 2021, we had 53,000 hectares under protection and regeneration in partnership with others. Brands like Knorr and Hellmann's are playing a leading role in driving our regenerative agriculture programmes. For example, in the US, where most of our soy comes from, we are also working with partners, like Practical Farmers of Iowa, to explore regenerative ways to grow our soy.</p> <p>Our €1 billion Climate &amp; Nature Fund will help brands invest in projects that positively address climate change and protect nature – for example, through forest protection and regeneration. For example, Knorr will use the fund to support 50 regenerative agriculture projects. These are predicted to reduce GHG emissions and water use by an estimated 30% while improving biodiversity, soil health and livelihoods."</p>	<p>Unilever has defined the 'Unilever Regenerative Agriculture Principles'<sup>34</sup>, with a guidance and key metrics document. In this document, Unilever states that more details on monitoring of the implementation of these principles will be provided in due course.</p> <p>Unilever can inform financial institutions and other stakeholders about its progress on implementing regenerative agriculture in its supply chains, using clear KPIs and metrics to measure progress. Transparency is key to prevent regenerative agriculture from becoming an 'empty concept' suitable for greenwashing. Finally, we recommend that Unilever includes principles of circularity in its regenerative policy.</p>

\* In relation to baseline year.

31 See [https://op2b.org/wp-content/uploads/2021/09/OP2B-Regenerative-Agriculture-Leaflet\\_FINAL.pdf](https://op2b.org/wp-content/uploads/2021/09/OP2B-Regenerative-Agriculture-Leaflet_FINAL.pdf), and specifically indicator 1-6.

32 Specifically, indicators B1, B2, B3, B6, B7, B8.

33 <https://www.wur.nl/en/newsarticle/circularity-in-agricultural-production-1.htm>.

34 *Unilever regenerative agriculture principles - with Implementation Guides - 2021.*

Engagement goals	Key issues and definitions to be addressed by company	KPIs*	
4. Company's vision and plans to move towards different protein product selection, expanding the company's portfolio of plant-based products.	<p>Company provides insight into its protein diversification activities or commitments to promoting these, such as research and development (R&amp;D), acquisitions, reformulation, product expansion, marketing, or product placement.</p> <p>Company sets a clear target for protein diversification that replaces animal-based proteins with an increased proportion of plant-based proteins.</p> <p>Company discloses performance against its target, such as sales-weighted performance data.<sup>35</sup></p>	ACCOUNTING METRIC	UNIT OF MEASURE
		Volume of alternatives	Metric tons (t), Percentage (%) by metric tons (t)
		Revenue from alternative protein products (absolute and related to animal-protein revenue)	Reporting currency, Percentage (%) by revenue (reporting currency)

Company response	Comments & expectations from the working group
<p><i>"Our long-term Compass targets include a goal of EUR 1 billion annual sales from plant-based meat &amp; dairy alternatives by 2025-27. Climate change is the biggest risk to society and in our business, 65% of our GHG emissions come from products in use. That is both a risk &amp; a significant growth opportunity to shape our business &amp; brands to reduce GHG &amp; tackle deforestation via sustainable sourcing, regenerating nature, supporting smallholder farmers and selling more plant-based foods.</i></p> <p><i>In 2018 we purchased the Vegetarian Butcher, which has grown in all 55 markets where it is available (as of 2021). We are working with food-tech specialists, ENOUGH, to develop new plant-based products based on mycoprotein – from a process that uses 93% less water, 97% less feed and 97% less carbon than meat. We have a 3-year partnership in place with the World Wildlife Fund (WWF) to promote 50 plant-based foods through our largest food brand, Knorr."</i></p>	<ul style="list-style-type: none"> <li>■ Plant-based is seen as one of the five strategic growth markets.<sup>36</sup></li> <li>■ There is a global goal to increase annual sales of plant-based meat and dairy alternatives to €1 billion by 2025-2027, but no target for plant-based sales relative to animal-based protein sales and no target to reduce the use of protein altogether.</li> <li>■ There is no target on the reduction of animal-based products (relative or absolute).</li> <li>■ We expect Unilever to formulate a target for the reduction of animal proteins in products (relative to plant-based protein and in absolute terms).</li> <li>■ We expect Unilever to formulate a target to reduce the use of proteins in products altogether.</li> <li>■ For both targets we expect a credible strategy and/or roadmap and alignment with most recent scientific (and policy) guidelines.</li> <li>■ We expect Unilever to disclose and report on their progress on targets concerning the key metrics of animal proteins and plant-based proteins in their product portfolio as portrayed in the third column of this row.</li> </ul>

\* In relation to baseline year.

<sup>35</sup> Source: Indicator B5 of the Food and Agriculture Benchmark of the World Benchmarking Alliance. This indicator references the indicators of the FAIRR Initiative.

<sup>36</sup> Conversation on November 25, 2021.

## Working group members

### Insurer

Arjan Ruijs – Actiam

Arthur van Mansvelt – Achmea

Eduard Wijnoldij Daniels – Aegon

Marjolein Meulensteen – a.s.r. verzekeringen

Adrie Heinsbroek – NNIP

Faryda Lindeman – NNIP

Irina van der Sluijs – NNIP

Wouter Prummel – NNIP

### The Dutch Association of Insurers

Boy Slijp

### Pension funds

Martine Kruitbos – MN Namens PME & PMT

Sophie Kamphuis – MN namens PME & PMT

Eloisa Menguzzo – PGGM namens Pensioenfonds Zorg & Welzijn en BPF Schilders

Louise Kranenburg – Pensioenfonds Detailhandel

Joel Habets – Pensioenfonds Rail & OV

Simona Kramer – Pensioenfonds Rail & OV

### World Animal Protection

Nienke van der Veen

### Natuur & Milieu

Sanne van Keulen

### Dutch Ministry of Foreign Affairs

Jasper Kapteijn

### SER-Secretariat

Jade Boersma

Laura Abels

Misha van Schendel

