

### RENEWABLE ENERGY USE

	Year ended December 31		
	2022	2022 excluding EDP Russia	2023
Production sites purchasing 100% renewable electricity <sup>(a)</sup>	109	99	99
Percentage of renewable electricity <sup>(a)</sup>	70.5%	70.0%	71.8%
Percentage of renewable energy <sup>(a)</sup>	31.4%	31.7%	34.3%

(a) Production Site Environment scope, see section 5.8 Methodology note.

Thanks to the switch to renewable electricity sources in Thailand and India, 99 production sites purchased electricity from 100% renewable sources (wind, hydro, etc.) in 2023 (as in 2022 excluding EDP Russia), contributing to a total of 71.8% of Danone's electricity purchases (compared to 70.0% in 2022 excluding EDP Russia). Furthermore, its total energy use from renewable sources (electricity and thermal) represented 34.3% of its total energy use in 2023 (compared to 31.7% in 2022). On top of the renewable electricity projects mentioned, this increase was also led by a biomass project installed in the Balclutha production site in New Zealand.

#### Greenhouse gas emissions

Danone measures the greenhouse gas emissions of its entire value chain (scopes 1, 2 and 3) based on the international GHG Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development (Greenhouse Gas Environment scope, see section 5.8 Methodology note).

#### Greenhouse gas emissions on scopes 1 and 2

For scopes 1 and 2 energy and industrial emissions, Danone includes all emissions sources from activities under the operating control of its production sites, warehouses and vehicle fleets.

Danone set its scope 1 and 2 energy and industrial emissions target according to the GHG Protocol "market-based" method in order to reflect the share of renewables in its energy mix (Greenhouse Gas Environment scope, see section 5.8 Methodology note).

Its total emissions in metric tons of CO<sub>2</sub> equivalent for scopes 1 and 2 energy and industrial decreased by 4.7% between 2022 excluding EDP Russia and 2023, mainly due to the switch to renewable electricity sources in Thailand and India and to a biomass boiler installed in New Zealand, increasing the share in renewable thermal energy. All these actions combined contributed to the reduction of scope 1 and 2 emissions at Danone Group level. Since 2020 (excluding EDP Russia), these emissions have decreased by 20.7%.

Scope 1 and 2 energy and industrial emissions, market-based (in ktCO <sub>2</sub> ) <sup>(a)</sup>	Year ended December 31				2030 science-based target
	2020	2020 excluding EDP Russia	2022	2022 (hors EDP Russie)	
Scope 1	668	601	666	611	573
Scope 2	479	443	276	258	256
<b>TOTAL SCOPES 1 &amp; 2 ENERGY AND INDUSTRIAL EMISSIONS</b>	<b>1,147</b>	<b>1,044</b>	<b>942</b>	<b>869</b>	<b>829</b>
Absolute energy and industrial emissions evolution, scopes 1 and 2, market-based since 2020 🌱					
				-16.8%	-20.7%
					-46.3%

(a) Greenhouse Gas scope & SBT scope, see section 5.8 Methodology note.

Emissions linked to the production of fresh milk in farms owned by Danone increased in 2023 due to the inflation and the economic context in AMEA region, that drove changes in feed purchases by farmers and agricultural practices. These emissions are not material compared to scope 3 emissions from fresh milk purchases.

Scope 1 FLAG emissions (in ktCO <sub>2</sub> eq) <sup>(a)</sup>	2020	2020 excluding EDP Russia	2022	2022 excluding EDP Russia	2023
Scope 1 FLAG	186	169	165	147	216

(a) Greenhouse Gas scope & SBT scope, see section 5.8 Methodology note.

### Greenhouse gas emissions on scope 3

Danone measures indirect emissions from the following scope 3 categories (Greenhouse Gas Environment scope, see section 5.8 Methodology note):

<i>(in ktCO<sub>2</sub>eq)</i> <sup>(a)</sup>	Year ended December 31		
	2022	2022 excluding EDP Russia	2023
Purchased goods and services	18,708	17,210	16,589
Upstream transportation and distribution of goods	336	313	303
Downstream transportation and distribution of goods	2,132	2,022	2,059
Use of sold products	733	677	714
End-of-life treatment of sold products	840	817	692
Fuel and energy related activities	252	235	206
Waste generated by operations	99	96	51
<b>TOTAL SCOPE 3</b>	<b>23,100</b>	<b>21,370</b>	<b>20,614</b>

(a) Greenhouse Gas scope, see section 5.8 Methodology note.

### Greenhouse gas emissions on scopes 1, 2 and 3

Greenhouse gas emissions inventory <i>(in ktCO<sub>2</sub>eq)</i> <sup>(a)</sup>	Year ended December 31		
	2022	2022 excluding EDP Russia	2023
Scope 1 including FLAG	831	758	789
Scope 2 <sup>(b)</sup>	276	258	256
Scope 3	23,100	21,370	20,614
<b>TOTAL SCOPES 1, 2 AND 3</b>	<b>24,207</b>	<b>22,386</b>	<b>21,659</b>

(a) Greenhouse Gas scope, see section 5.8 Methodology note.

(b) Market-based.

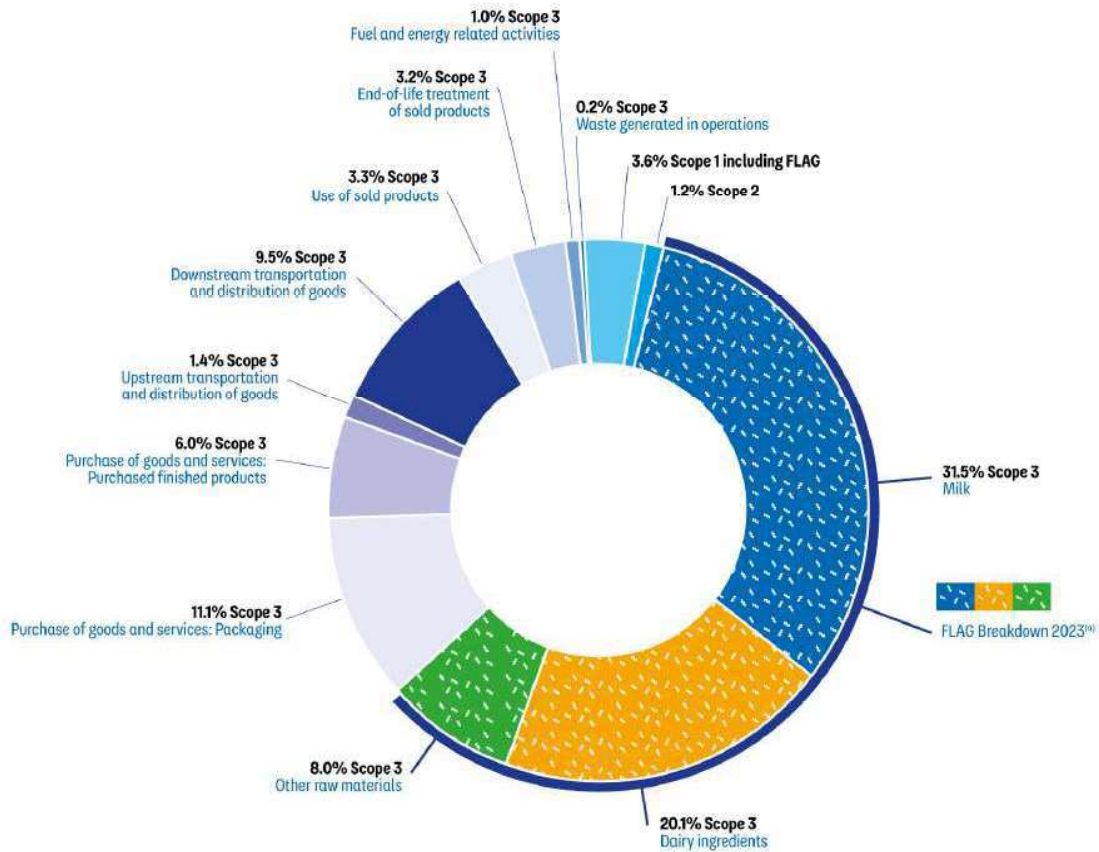
Danone's total emissions from its value chain in 2023 for scopes 1, 2 and 3 decreased by 0.7 million tCO<sub>2</sub>eq compared to 2022 (excluding EDP Russia), mainly due to the results of volume effect, reporting improvement and supplier engagement.

With 95.2% of Danone's total emissions across its value chain, scope 3 is the largest contributor, outweighing emissions from scope 1 (3.6%) and scope 2 (1.2%).

In 2019, Danone reached the peak of its carbon emissions on scopes 1, 2 and 3, five years ahead of its original target (2025).

# 5 SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

## 5.3 Nature



(a) Greenhouse Gas scope, see section 5.8 Methodology note.

Danone's FLAG emissions remained stable between 2022 (excluding EDP Russia) and 2023 as the GHG reductions resulting from the milk action plans, for example in Brazil through the Educampo Program, improving the herd management, diet and genetics, were compensated by the increase in emissions in certain geographies due to the consequences of inflation on feed purchases and agricultural practices (for example, in AMEA region as for scope 1).

Overall, Danone's total emissions reduction on its FLAG science-based target decreased in 2023 by 5.5% compared to its 2020 baseline (excluding EDP Russia). Danone scope 3 energy and industrial emissions ("non-FLAG" scope 3 emissions) decreased by 10.2% between 2022 (excluding EDP Russia) and 2023, notably due to methodological improvements, making its scope 3 energy and industrial emissions decrease 9.4% compared to its 2020 baseline (excluding EDP Russia).

(in ktCO <sub>2</sub> e) <sup>(a)</sup>	2020	2020 excluding EDP Russia	2022	2022 excluding EDP Russia	2023	2030 science-based target
Scope 1 FLAG	186	169	165	147	216	
Scope 3 FLAG	15,608	13,699	14,314	12,944	12,888	
<b>TOTAL FLAG</b>	<b>15,794</b>	<b>13,868</b>	<b>14,479</b>	<b>13,091</b>	<b>13,104</b>	
Absolute total FLAG emissions evolution since 2020 🌱			<b>-8.3%</b>	<b>-5.6%</b>	<b>-5.5%</b>	<b>-30.3%</b>
Scope 3 energy and industrial	7,298	7,011	7,347	7,073	6,351	
Absolute scope 3 energy and industrial emissions evolution since 2020 🌱			<b>0.7%</b>	<b>0.9%</b>	<b>-9.4%</b>	<b>-42.0%</b>

(a) SBT scope, see section 5.8 Methodology note.

**Methane emissions of dairy category fresh milk**

In 2023, Danone announced a global action plan aiming for a 30% reduction in absolute methane emissions of dairy category fresh milk by 2030, using 2020 as the baseline. This initiative, focusing on the methane emissions linked to its dairy products, positions Danone as the first food and beverage Group to align its targets with the Global Methane Pledge. Danone expects to remove 1.2 million tCO<sub>2</sub>eq of methane emissions by 2030.

Danone also believes in the power of collaboration and actively engages with non-governmental organizations (NGOs) to advance its climate transition and particularly to tackle methane emissions from agriculture. The NGOs Danone partners with include:

- **The Environmental Defense Fund (EDF):** Danone has launched a strategic partnership with EDF to support its methane reduction ambitions. Danone and EDF are working together in areas such as improved science, data and reporting standards, innovative financing models to help farmers of all sizes, and catalyzing industry and policy leadership through advocacy.

- **The Global Methane Hub (GMH):** The GMH is an international alliance of more than 20 leading philanthropies and organizations

that have committed to supporting the development and implementation of tangible methane reduction solutions by 30% by 2030. Danone became the first Group to join the GMH's Enteric Fermentation R&D Accelerator which aims to create new scalable and practical solutions for dairy farmers to reduce methane emissions. The Accelerator, which has already raised \$200M in funding, will invest in breakthrough research and innovation to create new scalable and practical solutions for livestock farmers.

- **Dairy Methane Action Alliance (DMAA):** Danone, together with other global dairy companies (Bel Group, General Mills, Kraft Heinz, Lactalis USA and Nestlé), announced at COP28 the launch of the DMAA, under the leadership of the Environmental Defense Fund (EDF). DMAA aims to mobilize others in the dairy industry, drive pre-competitive collaboration and send a clear market signal that the future of dairy is low-methane. The DMAA members will work together to drive harmonization in measurement and reporting, support enabling policies and tackle other methane reduction challenges in the dairy industry.

**METHANE EMISSIONS OF DAIRY CATEGORY FRESH MILK**

<i>(in ktCO<sub>2</sub>eq)<sup>(a)</sup></i>	2020	2022	2023	2030 Methane pledge
Methane emissions of dairy category fresh milk	4,091	3,494	3,548	
Absolute methane emissions reduction vs 2020 🌍		14.6%	13.3%	30%

(a) Greenhouse gas scope & SBT scope excluding EDP Russia, see section 5.8 Methodology note

Between 2020 and 2023 Danone continued to measure the effects of our ambitious plan to reach our Methane Pledge by 2030, particularly in the following countries:

- in the United States, due to accelerating manure projects thanks to access to the USDA Climate Smart Commodities Grant;
- in Brazil, due to action plans to improve the herd management, diet and genetics through the Educampo Program;
- in Belgium, due to piloting feed additives (Bovaer), which reduced enteric fermentation related emissions;
- In Algeria, due to small-holder projects to improve milk yield through farm management training.

### External recognition

In February 2024, CDP recognized Danone as one of the world's leading companies in terms of its environmental performance and its transparency in fighting climate change and deforestation and protecting water resources. For the fifth consecutive year, Danone has been awarded a "triple A" rating for its 2022 performance in the CDP Climate Change, CDP Forests and CDP Water Security questionnaires, being one of only ten companies in the world awarded a "triple A" rating.

CDP has also recognized the Group as a world leader for its strategy and actions to fight climate change with the suppliers in its supply chain. As a result of its 2022 actions, it was included for the fifth consecutive year in the CDP Supplier Engagement Leaderboard.

In October 2022, the Carbon Trust certified Danprint 2.0, Danone's carbon footprinting tool that can be used to compare the impact of various design scenarios against three external standards:

- Greenhouse Gas Protocol – Product Life Cycle Accounting and Reporting Standard (2011);
- ISO 14067: 2018 - Greenhouse gases — Carbon footprint of products — Requirements and guidelines for quantification;
- PAS 2050: 2011 – Specification for the assessment of the life cycle greenhouse gas emissions of goods and services.

Danprint 2.0 was recertified by the Carbon Trust in January 2024 against the same three standards.

### Focus – Alignment with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)

Danone's disclosures related to climate change are in line with the recommendations of the TCFD. The following table reconciles the main information included in this Universal Registration Document with disclosures related to these recommendations.

	Sections
<b>GOVERNANCE</b>	
a. Oversight by the Board of Directors of climate-related risks and opportunities	6.1
b. Management role in assessing and managing climate-related risks and opportunities	5.1, 5.3, 6.1
<b>STRATEGY</b>	
a. Climate-related risks and opportunities identified over the short, medium and long-term	2.6
b. Impact of climate-related risks and opportunities on the Company's businesses, strategy and financial planning	5.1, 5.3
c. Resilience of the Company's strategy, taking into consideration different climate scenarios, including a 2°C or lower scenario	5.3
<b>RISK MANAGEMENT</b>	
a. Processes for identifying and assessing climate-related risks	5.1, 5.3
b. Processes for managing climate-related risks	5.1, 5.3
c. Integration of processes for identifying, assessing and managing climate-related risks in the Company's overall risk management	2.6, 2.7
<b>METRICS AND TARGETS</b>	
a. Metrics used to assess climate-related risks and opportunities, in line with the Company's risk management strategy and process	5.1, 5.3
b. Greenhouse gas emissions for scope 1, scope 2 and scope 3 and the related risks	5.3, 5.6
c. Targets used to manage climate-related risks and/or opportunities and the Company's performance against these targets	5.3, 6.4

## REGENERATIVE AGRICULTURE

### Definition

Agriculture is the biggest source of Danone's greenhouse gas emissions (representing 59% of total emissions in 2023) and 89% of its water use. Agriculture emissions are linked to both farms (e.g. herd and manure management on dairy farms, fuel and fertilizers used for crops) and farm upstream activities (e.g. feed production for livestock, production of chemical inputs), including potential impact from

deforestation and/or land conversion, as well as processing/transformation activities of Danone's suppliers. All these activities directly affect not only GHG emissions, but also farm productivity and profitability in the short and long-term, farm resilience and ecosystems. Therefore, pathways to reduce GHG emissions must be embedded in a long-term and systemic approach that addresses multiple challenges and avoids undesired trade-offs.

Agriculture is central to Danone's business and the Danone Impact Journey. As such, one of the most significant ways Danone can create positive economic, societal and environmental impact is through the sourcing and farming models it chooses. Danone is firmly committed to regenerative agriculture and promoting practices that protect soil, water, biodiversity and animal welfare, whilst also supporting farmers in a fair transition toward more resilient agricultural models that protect farmer livelihoods and decent conditions for workers.

## Policies

Since 2017, Danone has been designing and deploying a Regenerative Agriculture Program. In 2021, Danone published its Regenerative Agriculture Framework which details the concept of regenerative agriculture and defines a set of practices and a strategy to drive the transformation on the ground. It is available on Danone's website. Danone's regenerative agriculture approach is based on the following three pillars:

- protecting soils, water, and biodiversity (also reinforced by Danone's Water and Forest Policies);
- empowering generations of farmers;
- and bolstering animal health and welfare.

Danone's Regenerative Agriculture Framework is a key lever for achieving the objectives related to nature preservation and regeneration within the Danone Impact Journey as well as the 1.5°C SBTi roadmap aiming to reduce the GHG footprint through increased carbon sequestration in soils.

In addition, Danone's 2025 *Société à Mission* target of sourcing 30% of its volumes of key ingredients such as fresh milk, soy, oats and almonds from farms that have begun to transition to regenerative agriculture is one step in Danone's wider ambition to make regenerative agriculture practices the norm across the Group's ingredient sourcing.

In 2022, Danone paved the way for accelerating its work on empowering generations of farmers by publishing its Human Rights Policy.

Moreover, Danone's approach to animal health and welfare was developed in collaboration with the NGO Compassion in World Farming (CIWF) and is based on the Five Freedoms, recognized internationally by the Farm Animal Welfare Council. Danone is committed to transparency for animal welfare commitments and performance. In 2016, the Group published an Animal Welfare Position Paper and it publishes updated commitments and progress on a regular basis (latest progress published in 2023, for 2022).

## Action plans and outcomes

Danone works with a large number of farmers, including 58,000 dairy farmers, worldwide. The Group's global, regional and local teams work hand in hand with farmers, suppliers and technical partners to support farmers and develop action plans and roadmaps for continuous improvement toward more resilient, sustainable and economically viable farms. These roadmaps are tailored based on where the farms

stand in their regenerative agriculture and decarbonization journeys, and what the farms' challenges are, in order to prioritize improvement practices, bearing in mind trade-offs and co-benefits.

In this sense, regular monitoring is put in place to establish a clear understanding of where farms in the supply chain are currently placed in their regenerative agriculture transition journey and what steps Danone needs to take to support them to go further. This also allows for increased supply chain transparency and enables continuous improvement. Danone assesses farmers' practices and/or impact on the three pillars of regenerative agriculture, based on a number of tools. These include:

- The Cool Farm Tool (in 15 countries) and CAP2ER (in France) to monitor the greenhouse gas footprint of the purchased milk, now covering in total 91% of our direct milk collection volumes from farms. Danone has already achieved great progress, including 500 ktons in reductions between 2020 and 2023 thanks to our on-farm action plans,
- Danone's environmental regenerative agriculture scorecard, and
- Danone's animal welfare assessment (see each sub-section below).

Danone also works with many partners (NGOs, universities, or agricultural technicians) to promote the adoption of best agricultural practices and share learnings with the farming communities and supporting ecosystem. For instance, in 2019, the Group created the Farming for Generations (F4G) global alliance, bringing together eight leading agricultural players across the entire dairy value chain and three world renowned advisory partners (Wageningen University, WWF France, and Compassion in World Farming). This alliance aimed to provide a forum for peer-to-peer exchanges of information on topics such as animal welfare, herd management, GHG emissions reduction, soil health or biodiversity, taking a continuous improvement approach. In addition, Danone and F4G partners set up pilot projects in 33 farms in eight countries (both in Europe and the United States). The alliance has created a toolbox, which as of 2022 has more than 50 solutions for holistic improvement on dairy farms. The toolbox provides solutions on: animal health and welfare, herd management, nutrient cycle management, feed autonomy and feed efficiency, soil health, GHG emissions reduction and farm management skills. By 2023, more than 225 farmers had implemented practices on their farms and 98% of them had improved their performance or maintained the practice after one year. F4G reached more than 2,600 farmers, sharing learnings through farmer events, webinars, newsletters and the Danone Regenerative Agriculture Knowledge Center (see section *Empowering (new) generations of farmers and assessing farmers' and workers' conditions*). While no longer active, Danone continues to scale up regenerative agriculture practices using learnings from the F4G program, which has now evolved into Partners for Growth (P4G). The Group aims to expand and strengthen its relationships with partners from across the world, spanning start-ups and scale-ups to corporate and academic institutions. The P4G program will drive greater innovation and efficiencies to unlock sustainable growth, from new product ideation to the moment it is in the consumers' hands.

# 5 SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

## 5.3 Nature

Danone also continues to actively work with coalitions such as the Sustainable Agriculture Initiative (SAI) Platform, OP2B (One Planet Business for Biodiversity) as well as with peers to accelerate and scale the transition to regenerative practices in the food and beverage sector. Danone actively contributed to developing the SAI Platform's globally aligned framework, "Regenerating Together", for the transition toward regenerative agriculture practices, which was released in September 2023. The Group contributed by sharing the Danone Regenerative Agriculture Scorecard and associated learnings, testing the SAI draft framework in its supply chain before its release (in the United States and France – for both dairy and plant-based), providing feedback for further improvement, and representing peers as part of the Steering Committee.

Danone has also contributed to shaping the Regenerative Landscapes initiative, consisting of over 25 leading food and agriculture organizations with a collective ambition to work with more than four million farmers to regenerate 150 million hectares of land.

Danone also collaborates with its suppliers of key ingredients by developing strategic partnerships, such as its partnership with Royal Friesland Campina to reduce greenhouse gas emissions on farms (see section 5.3 *Nature*).

### Protecting soils, water and biodiversity

The first pillar (environmental) of Danone's regenerative agriculture framework – protect and restore soils, water and biodiversity – focuses on enhancing soil organic matter content, increasing soil carbon sequestration capability, strengthening biodiversity and protecting and retaining water resources (see section 5.3 *Nature*, section *Preservation of water resources*).

In 2021, Danone introduced two resources, the Danone Regenerative Agriculture Handbook and Scorecard, to support field technicians and practitioners to assess farmers' level of adherence to regenerative agriculture practices, advise them on best practices, and develop continuous improvement plans. These resources were updated in 2022 to incorporate feedback from the previous assessment campaign, and were embedded in a digital tool to improve engagement with local teams and the collection of farm information. This new digital survey was piloted in more than 25 farms in Europe, North and Latin America, and it has allowed for better data quality at scale since 2023.

Since 2017, Danone has supported the implementation of 25 agriculture projects in 14 different countries, including a number of projects linked to soil health, water and/or biodiversity:

- In 2017, Danone France implemented the Les 2 Pieds sur Terre project in collaboration with Danone Produits Frais France, Les Près Rient Bio, IDELE (National French Livestock Institute), and MiiMOSA. The project aims to support dairy farmers to reduce their carbon footprint and regenerate soil. Since its launch in 2017 till the end of the year 2023, the project has reached the following outcomes:
  - 92% of dairy farmers supplying Danone France in 2023 have made a carbon assessment of their farm. Overall, the program has financed more than 2,800 carbon assessments.

- 53% of dairy farmers supplying Danone France in 2023 have conducted a comprehensive evaluation of their soil's regenerative practices.
- 600 individual supports have been provided by external technicians (from the dairy counselling ecosystem) to dairy farmers, in order to design a Carbon roadmap at farm level that identifies the ways and practices to reduce the dairy carbon footprint.

The project has achieved a 10% reduction in greenhouse gas emissions in kg CO<sub>2</sub> eq. per liter of milk collected between 2016 and 2022.

- Danone France has also worked on the Pachamama project, to support French fruit, vegetable and cereal farmers in applying and sharing regenerative agriculture practices that respect soil health and biodiversity. By the end of 2023, the project had reached 38 pilot farms, held 67 training sessions on regenerative agriculture and shared external expertise with 375 farmers and technicians.
- In 2017, Danone North America launched a Regenerative Agriculture Program, built in collaboration with farmers who supply milk for various Danone North America brands such as *Oikos*, *Two Good*, and more. The program aims to increase soil organic matter, improve yields, reduce chemical use, restore biodiversity, and enhance soil water holding capacity to provide farms with improved, long-term economic resilience. As of 2023, the Program has scaled to over 94 farms and 149,808 acres. Danone North America partners with Sustainable Environmental Consultants to continue deploying their R3 tool - "Robust, Resilient and Reliable" - to help farms understand the potential return on investment of regenerative agriculture practices. Since 2023, Danone North America has worked with a set of value chain partners to expand this program. This is being supported by a \$70 million grant that was awarded to Danone North America by the U.S. Department of Agriculture to support the Climate Smart Commodities Initiative. The program has arrived at 80% enrollment for fresh milk dairy suppliers and 90% enrollment of almond suppliers.
- In 2021, Danone Brazil launched the Flora Project to implement regenerative practices for different dairy production models, such as rotational grazing with tree shading, no-tillage, cover crops and manure management. The project started in 2021 with 22 hectares and in 2023 the Flora Project covered around 1,400 hectares with regenerative practices, contributing to the farms seeing improvements in soil health, biodiversity, feed autonomy and forage quality.
- To accelerate the transition of its Plant based portfolio in Europe, in 2022, Danone started to define programs for soybean, almond, and oat with local authorities and suppliers. In parallel, Danone also engaged through its iconic plant-based brand *Alpro* to be part in Science Based Targets for Nature (SBTN) pilot group together with key food businesses and retailers, leading the way in preparing to set the first science-based targets for nature. This global alliance develops a systemic approach for companies and cities to holistically assess and prioritize their environmental impacts on nature across freshwater, land, ocean, biodiversity and climate.

All of these projects contribute to reducing greenhouse gas emissions from farms and/or increasing the rate of carbon sequestration in soils, contributing to Danone's Net-Zero emissions by 2050 target.

In line with its operational objective to make agriculture a solution, Danone reviewed the scope of its 2025 target to source 30% of key ingredients directly from farms that have begun to transition to regenerative agriculture. The new, more ambitious, scope is more inclusive of key agriculture raw materials, for example, now encompassing oat, strawberries, and sugar beet (France), and covers fresh milk collected from farms across Danone's whole business. Danone made steady progress and met its 2023 milestones on regenerative agriculture, deploying a tool to monitor sourcing for farms in priority regions including Latin America, Europe, North America and Africa, and across priority ingredients including milk, fruits, soy, almond and oat, among others. Through these efforts, and continued support and partnerships with farmers, 38% of key ingredients sourced directly by Danone in 2023 came from farms that have begun to transition to regenerative agriculture. 🌱

### Empowering (new) generations of farmers and assessing farmers' and workers' conditions

#### Developing sustainable relationships with farmers

Agriculture allows Danone to positively influence communities worldwide, beginning with the farms it directly works with and many more indirectly. The Group has a long and close history with its farmers, particularly smallholder farmers, and recognizes the vital role they play in the global food system and economy.

Danone is committed to supporting farmers and farm workers, whether they are just starting their regenerative agriculture transition, or are well on their way. The Group is also committed to improving the livelihoods and conditions of farmers and farm workers, to make the sector more attractive for future generations. For instance, in Spain, Danone has implemented a project to help farmers on the verge of retiring find a new generation to take on their farms and help young people become professional farmers by providing them with training, technical and business planning support and creating the farmers' network for experience sharing. Danone's goal is to support farmers and suppliers in making these shifts and to accompany farmers as they pass down their expertise to the next generation.

To support farmers globally, Danone has created a number of assessment tools and resources, as well as mechanisms for knowledge exchange, such as farmer events, coaching sessions and the Danone Regenerative Agriculture Knowledge Center. Launched in 2021, the Danone Regenerative Agriculture Knowledge Center is a website that provides resources on regenerative agriculture practices to upskill farmers within and outside of Danone's supply chain, field technicians and partners. In 2022, the website was translated into nine languages, making it more inclusive and accessible for Danone's global farmer network. It complements the e-learning model for Danone employees deployed in 2021 that covers the three pillars of its Regenerative Agriculture Framework and the actions Danone's brands are taking to implement them.

In 2022, Danone also organized an EU farm tour as part of the global project Farming for Generations, where farmers and field technicians from Danone Poland, Germany and Romania received a visit from one of the most advanced farmers from the Danone North America portfolio and shared their respective challenges and best practices.

The learnings were shared with more than 50% of farmers in Danone Poland and Danone Romania. In 2023, the Group continued to share these learnings throughout its network to support the scaling up of regenerative agriculture best practices.

Danone also looks to support farmers via training equipment and funding opportunities, to support a positive and sustainable transformation of agricultural chains. For example:

- In Africa, Danone has deployed projects to support more than 12,000 smallholder dairy farmers across Morocco, Egypt and Algeria. In Morocco, the H'lib Bladi project was launched in 2015 with the goal of developing sustainable dairy production for smallholder farmers. The project has successfully onboarded almost 2,000 farmers. In 2022, Danone revisited this project ahead of its 2023 scale-up by expanding the goal to train 10,000 farmers. In 2014, Danone Algeria joined forces with local government and the German government Fund for Climate and Social Impact Projects (GIZ) to launch the H'lib Dzair project. The project aimed to: provide Algerian smallholders with individual training and mentoring as well as financial support to improve their livelihoods and reduce their ecological footprint; help restructure the Algerian dairy distribution system, to enable smallholders to access higher markets, improving their earnings and ability to reinvest in their farm operations. Since then, more than 1,400 smallholder farmers have been empowered, resulting in a wide range of benefits, including a 5% reduction in carbon footprint in one year by adopting best practices (from 2.80 to 2.63kg CO<sub>2</sub>eq./kg FPCM, 2020-2021), 97% of farmers reporting improved living and working conditions and an 85% increase in income of farmers who joined the program at the start. In 2023, the project received the Innovation Dairy Award for Innovation in Sustainable Farming Practices (Socio-Economic Category) at the International Dairy Federation (IDF) World Dairy Summit.
- Danone Mexico, Danone Ecosystem, the Inter-American Development Bank, Technoserve and local partners launched the Margarita project in 2010 and have since supported more than 500 smallholder farmers in transitioning to regenerative dairy practices. Support has covered measures to improve herd management and productivity, including connected collars that monitor cow rumination and movements.

#### Assessing farmers' and workers' conditions to evaluate the need for enhanced due diligence

To support the transition toward regenerative agriculture practices, Danone also plans to assess farmers' livelihoods and agricultural workers' working and living conditions. Danone aims to have a clear understanding of where farms in its supply chain are currently placed with regards to social and human rights standards, and what steps it needs to take to help them improve.

For this purpose, in 2021, Danone developed a survey focusing on people to assess farmers' economic resilience, livelihoods and the priority labor rights of their workers. The survey is organized around three themes: farmers' livelihoods and autonomy, health and safety for all, and workers' labor conditions. It is supported by a scorecard and on-farm assessment tools to establish a diagnosis of farm practices, and used to define and implement ad-hoc continuous improvement plans both for and with farmers.



# 5 SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

## 5.3 Nature

The survey has been extensively benchmarked against best agricultural standards and developed through internal and external stakeholder engagement with WWF, Fair Labor Association and SAI Platform. The questions reflect Farm Sustainability Assessment questions (SAI platform standard) to facilitate alignment with certification and best practices of the sector.

In 2022, Danone developed the Social Handbook designed to provide guidance for completing this scorecard assessment for the second pillar “empowering generations of farmers” and highlight best practices for farmers and farm workers to improve their performance and working conditions. It can be found on the Regenerative Agriculture Knowledge Center.

### Respecting animal welfare

Danone is committed to working with farmers and other key partners to build agricultural models that respect natural resources and foster animal welfare, acknowledging that animals are sentient beings.

The aim is to achieve better conditions for all species, either directly or indirectly involved in the supply chain. For this reason, animal welfare is one of the three key pillars in the Danone Regenerative Agriculture strategy.

In 2016, Danone published an Animal Welfare Position Paper that crystallized its approach. This Position Paper was developed in cooperation with Compassion in World Farming (CIWF) and other animal welfare specialists and is based on the internationally recognized Five Freedoms established by the Farm Animal Welfare Council. The Group is working to ensure these freedoms are upheld globally, in all applicable countries, for all species relevant to Danone: dairy cows for fresh milk, poultry (laying hens, broilers, turkeys), lambs, beef cattle, ducks, calves, pigs, rabbits and fish (including finfish), across the supply chain.

The Five Freedoms call for management and housing of animals to respect the following needs:

- freedom from hunger and thirst by ready access to fresh quality water and a diet that maintains full health and vigor;
- freedom from discomfort by an appropriate environment, including shelter and comfortable resting areas;
- freedom from pain, injury and disease by prevention or rapid diagnosis and treatment;

- freedom to express normal behavior, by providing sufficient space, proper facilities and company of the animals' own kind;
- freedom from fear and distress by ensuring conditions and care that avoid mental suffering.

Upholding the Five Freedoms means working to ensure that the farming practices in Danone's supply chain:

- provide appropriate housing environments and avoid closed confinement (e.g., cages for hens and rabbits);
- give regular access to food and water, in both quantity and quality;
- promote responsible use of antibiotics (to be avoided for prophylaxis);
- monitor and improve key health and behavioral welfare outcomes.

In 2023, Danone assessed animal welfare for 91% of volume of its fresh milk produced via the Group's animal welfare audit. Danone also carried out over 3,000 cumulative audits at farm level, scoring farms on a scale of 0-100 points. In 2023, the average score was 70 points.

Danone regularly reports its progress on its animal welfare commitments in a dedicated report, which is available on the Group's website. The most recent progress report was shared in 2023.

In 2021, the Danone animal welfare assessment tool won the "Special Recognition Award 2021" in the Innovation Category, organized by the CIWF.

Based on its disclosures, Danone was awarded Tier 2 status in the Business Benchmark on Farm Animal Welfare (BBFAW) independent report in 2018, 2019, 2020, and 2021. There was no BBFAW assessment in 2022, as the BBFAW methodology was in the process of being substantially modified, placing further emphasis on companies' performance reporting, performance impact and a stricter interpretation of company disclosures. This evolution of assessment criteria and scoring also changed the rating of all companies assessed. Danone is consequently working to align its animal welfare reporting requirements with the updated BBFAW methodology and report on Danone's progress.

## PRESERVATION OF WATER RESOURCES

### Definition

Water stewardship is a strategic focus for Danone's operations and supply chain. The Group recognizes the strategic importance of the topic for the planet and its communities. Danone has therefore defined a three-step approach to identify risks, actions and impacts in order to act on, preserve and restore natural ecosystems, wetlands and the natural water cycle, where it matters the most. These three steps are the following:

- understanding exposure to water-related risks through a water risk and water footprint assessment done for Danone's production sites and sourced ingredients, using the Water Risk Filter, the World Resources Institute Aqueduct and the Water Footprint Network tools;
- developing mitigation and adaptation plans leveraging a different set of actions: regenerative agriculture and water stewardship projects for its supply chain, water efficiency within its production sites and nature, technology and collective action-based solutions in the ecosystems around its production sites;
- developing a cost-benefit analysis to prioritize interventions based on the economic, societal, and environmental values they can generate.

### Policies

Through its Water Policy, Danone promotes an innovative approach and integrated management of resources. These are based on a thorough risk assessment and a scientific diagnostic of local water cycles, performed with the support of Danone's expert hydrogeologists working in identified priority geographical areas in collaboration with local scientists. The actions involve mobilizing all local water users, collaboratively drawing up action plans, and developing governance models to ensure the implementation of long-lasting actions with a positive impact on water, carbon and biodiversity. These actions are deployed within the following scopes:

- preserving water resources in watersheds in which Danone operates and in the broader supply chain;
- rethinking circularity within and around production sites;
- providing access to safe drinking water for vulnerable people and communities.

### Risk identification

In 2023, the Water Sustainability team carried out the water risk assessment process for its operations, taking into account the physical, regulatory and reputational risks, to provide (i) a detailed and structured picture of all watershed and production site risks, and (ii) the baseline for defining priorities and action plans. The methodology behind this risk assessment as well as the development of local mitigation plans follow various steps, such as:

1. **Watershed risk assessment.** This uses the Water Risk Filter tool developed by the WWF to identify watersheds located in areas with physical risks related to water, including water stress, flooding, low water quality, and negative impacts on ecosystem services;
2. **Operational water risk assessment.** On this basis, each production site fills out a WWF Water Risk Filter questionnaire to identify the local physical, regulatory and reputational water-related risks it faces;
3. **Local design of action plans and roadmaps.** Danone has set up a specific tool called SPRING that guides each production site team in (i) defining and implementing water stewardship projects and (ii) adopting the most suitable practices to mitigate local water risks.

Annual water risk assessments are used to determine where to take action. Danone prioritizes the development of watershed plans suited to sites located in water-stressed areas identified by the WWF Water Risk Filter. In 2023, Danone found that 50% of its production sites were located in high or extreme water risk areas. These at-risk sites have to develop active watershed preservation and restoration plans to mitigate water-related risks. Additionally, 31% of production sites were identified through a bottom-up assessment as being exposed to physical, regulatory or reputational risk. The sites exposed to physical risks must reduce their water consumption intensity and increase internal and external water reclaim.

In addition, Danone assesses the water risk of its entire supply chain, through the Aqueduct water risk tool developed by the World Resources Institute. Focusing on water stress, this analysis highlights priority ingredients to deep dive on and helps Danone to prioritize its actions. In 2023, the assessment identified the 20 ingredients that are the most material to Danone in terms of water risk.

Danone brings together all internal stakeholders involved in effectively implementing the Water Policy via (i) committees for information-sharing and co-design of action plans and actions in our production sites, watersheds and supply chain, as well as (ii) regular meetings between the Regenerative Agriculture, Cycles and Procurement and Water teams to develop knowledge and share feedback on current projects.

Danone also engages its external stakeholders through a variety of partnerships, aiming to promote and implement collective action initiatives around watershed preservation. Some of the key partners include the Ramsar Convention on Wetlands, the Mediterranean Institute for Water (IME), and the French Water Partnership (PFE). The Group is also working with research institutions and NGOs, such as Axa Climate, WWF or the Nature Conservancy to understand the impact of water scarcity on the value chain, with the goal of sharing this knowledge with peers for more effective collective actions.

**Preserving and restoring water resources in agriculture and watersheds**

**PRIORITIES UNDER THE 2020 WATER POLICY ACTION PLANS AND OUTCOMES**

**Relating to agriculture**

*By 2030: Danone aims to address 50% of its most material ingredients' volumes, currently sourced from water-stressed areas. The Group's commitments will be adapted to local contexts and value chain structures and will be based on two scopes of action:*

- *Promoting water-resilient practices at the farm level to enhance infiltration, soil water retention and water efficiency, while reducing water pollution;*
- *Facilitating the adoption of water-related actions which are embedded in the Sustainable Sourcing Policy for Tier 3 suppliers.*

In 2023, Danone updated its supply chain risk analysis to (i) identify the most material ingredients in terms of water risk and (ii) assess the water-related risks for all 69 ingredients in its supply chain. By cross-referencing the water impact, sourcing location, and water risk-related exposure of each ingredient with its relevance to the business, the Group determined a list of the top 20 most material ingredients to prioritize for supply chain security in terms of water. It found that 54% of the volume of these material ingredients are sourced from areas of water risk. Danone also prioritized the top 13 ingredients in terms of sourcing volumes to be addressed and tracked by 2030, as their sourcing regions face some of the biggest water risks. These ingredients include fresh milk, fruit, nuts, sugar, starches, and oil.

For example, the Group has launched the H'lib Bladi project to expand and anchor sustainable milk production in Morocco by improving the revenues of small farmers and milk collection centers, while securing the volume and quality of the milk supply. Specific actions related to feed resilience in light of increasing drought and water scarcity will be tested and implemented by the farmers.

Danone is also developing projects on high-risk ingredients such as strawberries, sugar beet and almonds (see Danone's website for more information). For instance, the Group is developing projects on strawberries in Mexico. In this regard, Danone promotes regenerative agriculture practices with farmers in southwestern Mexico, an area that is exposed to high water stress and is crucial for strawberry production. Farmers receive training, technical support and incentives to improve water management at the farm level, reduce water usage and secure better quality yield through decreased pesticide use. These practices boost farmers' competitiveness, improve their working conditions and strengthen their relationship with their ecosystems, resulting in more sustainable farming activity. As for 2022, farmers had achieved 50% water savings at farm level and a 36% increase in incomes, therefore enhancing overall livelihoods.

**Relating to watersheds**

*By 2030:*

- *build plans to protect and/or restore 100% of the watersheds in which Danone operates, located in highly water-stressed areas;*
- *work locally to create an effective governance system with the stakeholders or integrate actions into the existing governance bodies;*
- *share data and scientific studies through open source platforms and train the relevant internal and external players on integrated water stewardship.*

In 2023, 58 of the watersheds in which Danone has production sites are located in highly water-stressed areas, for which preservation and restoration plans are either implemented, in progress or in the planning stage.

To improve water resource stewardship and encourage biodiversity, soil health and carbon sequestration, Danone focuses on landscape approach and Nature-based Solutions, such as agroforestry, wetland preservation and agriculture optimization.

Danone contributed to the guidance on Benefit Accounting of Nature-based Solutions (NbS) for water stewardship and to the development of the NbS Benefits Explorer, a web-based tool which serves as a key starting point for organizations looking to invest in Nature-based Solutions.

Between 2020 and 2023 Danone deployed 18 watershed preservation action plans with the relevant stakeholders. In 2023, 53% of the total water intake of production sites located in water-stressed areas were covered by effective watershed preservation measures [+16.0% vs 2022]. 🌍

In 2023, the Group initiated a cross-mapping exercise with its peers to build collective actions in central Mexico. For instance, at the end of the year, a project concerning reforestation in the Toluca recharge area was initiated with WWF Mexico. In Indonesia, Danone launched the PAHALA project in West Java, with actions on local water governance and agroforestry. The first phase of the BALI project has been finalized, as Danone worked with local stakeholders to install infiltration wells in traditional settlements, in the midstream of the watershed.

## Rethinking circularity in and around Danone's production sites

## PRIORITIES UNDER THE 2020 WATER POLICY ACTION PLANS AND OUTCOMES

By 2030:

- implement a holistic "4Rs" strategy - reduce, reuse, recycle and reclaim - in 100% of production sites.

In areas of physical water stress identified by the Water Risk Assessment, by 2030 Danone will:

- reduce water consumption intensity by 50% compared to 2015 or achieve a best-in-class water ratio ( $m_3/ton$ );
- maximize water reclaim in and around Danone's production sites to reach 100% locally reclaimable water to protect the water cycle.

In 2021, the Group reviewed its internal Clean Water Standards (CWS) to align them with the wastewater treatment plant capacities and with various country regulations. In 2023, 77.8% of its facilities were compliant with the CWS (vs. 76.1% in 2022). The production sites implemented improvement plans to achieve these standards.

In 2020, Danone boosted its approach by adding the fourth pillar, Reclaim, to its "3Rs" Strategy (Reduce, Reuse, Recycle). In order to consolidate these efforts across all production sites and in line with the water policy commitments, the 4R roadmaps and action plans are being deployed to optimize water usage and reinforce second life for water. In 2023, 95% of its facilities had a 4R action plan, compared to 86% in 2022. 🌍 Related to the Water Ratio Reduction in sites at physical water risk – Danone achieved 60.6% of its target -50% in 2023 versus 55.6% in 2022.

In addition, Danone has been working for more than 20 years to use water more efficiently in its operations by prioritizing a collaborative approach. Two production sites carried out extensive 3R programs in 2021 and 2022, reducing, reusing, and recycling water in several areas of production. In 2023, this enabled the Ferrières en Bray plant to save 107 million liters of water versus 2022, while Mount Crawford saved close to 7 million liters of water over the same period.

Related to the fourth R – Reclaim, Danone built 11 Reclaim units in 2023. These units further purify the production sites' treated wastewater, allowing it to be reused inside these sites. The production sites at which Reclaim units were built included:

- **Wevelgem, Belgium:**

At this plant-based production site, the Reclaim unit opened in 2021. In 2022, it produced 700 million liters of reclaimed water from treated wastewater, enabling a plant water intake reduction of 50%, and a water discharge volume reduction of 70% compared to 2020 without reclaim. The 2023 performances of the Reclaim unit are stable, with 540 million liters of reclaimed water produced.

- **Feng Run, China:**

At this beverage production site, the Reclaim unit opened in 2022. It was designed to reclaim up to 50 million liters of water to be used in cooling towers, gardening and cleaning. In 2023, 20.25% of water were reclaimed, allowing future growth to maximize the facility's usage.

- **Mount Crawford, USA:**

At this dairy production site, the Reclaim unit opened in 2023. It was designed to produce up to 200 million liters of reclaimed water, currently used for cooling towers. In 2023, 7 million liters were produced.

- Finally, two new Reclaim units were in the design phase in France in 2023, one in Ferrières en Bray and another in Volvic, both aiming to reuse around 200 million liters of treated wastewater from utilities and process water, as this practice is expected to be permitted by French regulations from 2024.

### Providing access to safe drinking water for vulnerable people and communities

#### PRIORITIES UNDER 2020 WATER POLICY

By 2030:

- sign the WBCSD WASH Pledge for Access to Safe Water, Sanitation and Hygiene in the workplace;
- create the Water Access Acceleration Fund (W2AF) to support social enterprises providing safe access to drinking water;
- provide daily access to safe drinking water for 50 million people.

#### ACTION PLANS AND OUTCOMES

Danone pledges to give all its employees access to safe drinking water, sanitation and hygiene, in line with UN Sustainable Development Goal 6, "Clean Water and Sanitation", and the World Business Council for Sustainable Development (WBCSD) voluntary standard. The Group signed the WBCSD WASH Pledge in 2022 and aims to be fully compliant with the WBCSD voluntary standard by 2025.

Across its global operations, nearly 97% of Danone's production sites were compliant with the WASH Pledge self-assessment in 2023 (87% in 2022 excluding EDP Russia).

Danone's Water brands also play a key role in providing access to safe drinking water. For example, AQUA in Indonesia partnered with the organization Water.org to extend access to safe drinking water (10 liters brought to local communities for each one-liter bottle purchased). The AQUA brand also deployed a program to support the Indonesian government objective to achieve universal access to clean water by 2030, in line with the UN Sustainable Development Goals.

Established in 2011, the Eco Alberto project is a social initiative financed originally by DANONE communities. Its primary objective is to provide access to safe drinking water. To date, the project has benefited an estimated 30,000 people across nearby indigenous communities, delivering more than 3 million liters of drinking water annually.

The process involves purifying water from springs at the "Eco Alberto" drinking water plant. This purified water is then delivered in large tanks to fill smaller tanks (1,100-liter food-grade) at local shops and schools. These serve as meeting points where the water is sold. This project has supported the creation of formal jobs in the region and positively impacted people's engagement with rural communities.

The project has a dual impact—it generates economic income and contributes to health and nutrition. In communities, where there is a prevalent culture of consuming artificial sweeteners and non-nutritive beverages, Eco Alberto provides a healthier alternative.

In addition, based on the expertise of the Danone Communities impact fund portfolio of social enterprises providing access to safe drinking water for vulnerable people and communities (see section 5.4 *People & Communities*, section *Social Innovation Funds* for more information), and in order to accelerate the Safe Drinking Water sector, Danone has launched the Water Access Acceleration Fund (W2AF), the first impact fund dedicated exclusively to safe drinking water access, and invited a coalition of players (DFIs, financial institutions, foundations and corporate entities) to join forces to:

- shape the sector and prove its potential to investors;
- and rapidly increase the number of beneficiaries with access to safe drinking water (SDG #6) by supporting the development of safe drinking water enterprises.

Danone selected the impact asset manager Incofin Investment Management to raise at least 50 million euros in commitments (including 10 million euros from Danone) and manage this fund. The objective is to support businesses contributing to the target of giving 20 million people access to safe drinking water by 2025.

This fund is also pioneering because it is "impact first" (with an impact incentive for the fund manager), and is leveraging blended finance through two types of shares (classic and first-loss) to attract diverse investor profiles in the sector.

In December 2023, the European Investment Bank (EIB) confirmed a 10 million euros commitment to the W2AF, bringing the fund's total capital commitments to €51 million, in line with the objective.

## Outcomes

### Water use in operations

(in thousands of m <sup>3</sup> )	Year ended December 31		
	2022	2022 excluding EDP Russia	2023
<b>WATER DRAWN FROM THE SURROUNDING AREA <sup>(a)</sup></b>			
River water	2,810	2,516	2,486
Municipal water	20,985	19,243	18,408
Well water	43,088	41,494	40,090
<b>TOTAL WATER DRAWN VOLUME</b>	<b>66,883</b>	<b>63,253</b>	<b>60,985</b>

(a) Production Site Environment scope, see section 5.8 Methodology note.

In 2023, the total volume of water drawn decreased by 3.6% compared to 2022 excluding EDP Russia. The uses associated with this total volume of water drawn in 2023 are as follows:

- 46% went into finished products, mainly at bottling sites, or was used for by-products;

- 54% was used in industrial processes, with details given in the table below.

(in thousands of m <sup>3</sup> )	Year ended December 31			
	2022	2022 excluding EDP Russia	2023	2030 target
<b>WATER RELATED TO THE PRODUCTION PROCESS <sup>(a)</sup></b>				
Consumption (in thousands of m <sup>3</sup> )	37,376	33,984	32,945	
Intensity of consumption (in m <sup>3</sup> per metric ton of product)	1.07	0.99	1.01	
<b>% OF PRODUCTION SITES AT PHYSICAL RISKS HAVING REDUCED BY 50% THEIR WATER INTENSITY FROM 2015 BASELINE, OR REACHED THE BEST-IN CLASS PERFORMANCE LEVEL</b>	<b>56%</b>	<b>56%</b>	<b>61%</b>	<b>100%</b>

(a) Production Site Environment scope, see section 5.8 Methodology note.

In 2023, the water consumption intensity of Danone's production sites increased by 1.5% compared to 2022 excluding EDP Russia. This increase can be explained by a global mix effect and an increase in rinsing water in Indonesia *Aqua* to satisfy quality requirements.

### Discharged wastewater quality and chemical oxygen demand (COD)

In all its production sites, Danone applies strict concentration limits to all wastewater discharges into the environment. These limits are based on Clean Water Standards (CWS) and are measured using applicable methods. Net chemical oxygen demand (COD), i.e. the amount of

oxygen required to oxidize organic and mineral compounds in water, is used to measure the quality of wastewater discharges from production sites after any on- or off-site treatment. Danone's assessment of off-site treatment effectiveness is based on certain assumptions (see section 5.8 Methodology note).

	Year ended December 31		
	2022	2022 excluding EDP Russia	2023
Final discharge of chemical oxygen demand (COD) <sup>(a)</sup> (in thousands of metric tons)	4.27	4.09	4.26
Net COD ratio <sup>(a)</sup> (in kg/metric ton of product)	0.12	0.12	0.13

(a) Production Site Environment scope, see section 5.8 Methodology note.

The net COD ratio for Danone Group increased by 4.2% compared to 2022 excluding EDP Russia, mainly related to an increase in COD ratio in Turkey.

## FORESTS AND NATURAL ECOSYSTEMS

### Definition

Danone recognizes the urgent need to continue and amplify its efforts to protect and restore forests. This has been a central element of its sustainability strategy, since healthy forests and natural ecosystems are vital for life on earth as they support the livelihoods and well-being of people, preserve a vast array of biodiversity and combat climate change.

### Tackling deforestation and conversion of natural ecosystems

In December 2022, Danone issued its Renewed Forest Policy, committing to deliver verified deforestation and conversion-free supply chains by 2025, while moving toward a forest-positive future. The new policy builds upon and replaces the set of commodity-specific policies previously developed.

### Renewed Forest Policy

Globally, the Renewed Forest Policy focuses on key raw materials for which a forest risk has been identified, namely: palm oil, paper and board, soy, cocoa and animal feed. It addresses all forms of deforestation and land conversion following the Accountability Framework initiative (AFi) definitions. The cut-off date for each commodity is December 31, 2020 at the latest, unless otherwise specified.

The new policy sets out the following three core pillars:

- **Clean Supply Chains by 2025:** establish traceable and verified Deforestation and Conversion Free (verified DCF) supply chains;
- **Responsible Suppliers by 2025:** ensure DCF commitments are enforced in the direct supply chain according to specified cut-off dates;
- **Regeneration by 2030:** support landscape projects and coalitions for the protection and restoration of vital ecosystems.

Danone is also committed to the principles of no deforestation, no development on peat, and no exploitation of rights of workers, indigenous people and local communities (NDPE) and secure Free, Prior, Informed Consent (FPIC) of Indigenous people and local communities.

Specific targets and timelines are defined by category in the new Danone Forest Policy. The Group pledges to develop and implement a monitoring, reporting and verification system, sharing publicly available progress indicators. It publishes an annual dedicated report on its website on the progress made on key ingredients ("Danone Forest Annual Update").

### Action plans and outcomes

The actions taken aim to make Danone's upstream supply chain more transparent, drive change through positive projects, mitigate risks and address alerts on both environmental and human rights issues. They all contribute to Danone's raw material sustainable sourcing due diligence.

In 2023, Danone was recognized for the fifth year in a row as a global environmental leader with a triple A score given by CDP - including a triple A rating for CDP Forests (Palm, Paper and Soy).

In 2023, Danone has defined a methodology and an aggregate KPI to monitor its progress against the KPI included in Danone Impact

Journey: Zero deforestation and conversion on key direct commodities by 2025. Using 2022 sourcing data, Danone has achieved 84% of verified DCF direct sourcing for commodities in scope of our Forest Policy and aims to achieve 100% by 2025. 🌍 At the date of this report, the full-year 2023 traceability campaign was ongoing. The final figure therefore remains subject to change and will be updated in Danone's Forest Annual Update.

### Upstream supply chain transparency and risk mitigation through certification

With input from independent experts, Danone's Renewed Forest Policy sets commitments behind the key forest risk commodities in Danone's supply chain:

- **palm oil:** Danone works with Earthworm Foundation to ensure palm oil traceability.

In 2023, 95% of the palm oil sourced by Danone was certified Roundtable on Sustainable Palm Oil (RSPO) segregated (vs. 88% in 2022) and 2% was certified RSPO Mass Balance. The remaining 3% was conventional palm oil sourced in West Africa.

Danone also achieved 99.3% traceability to plantation and 99.8% traceability to mill according to its most recent traceability mill mapping over first-half 2023.

Since 2018, Danone has continued to publish an updated list of its palm oil direct suppliers and mills as well as the grievance process on its website.

In 2022, an external commodities consultancy (3Keel) helped Danone to reinforce its traceability process for the other forest-risk commodities (soybeans, cocoa, paper and board). The purpose is to assess supplier performance in delivering traceable and verified DCF commodities, obtain traceability information to determine the closest, or actual (where possible) location of commodity production, identify suppliers who are not compliant with Danone's policy and work with them to achieve transparent verified DCF supply chains;

- **soybeans used in plant-based products:** in Europe (Alpro) and in North America, 100% of soybeans come from areas with little or no risk of deforestation and land conversion. In addition, 100% of soy used for the Alpro brand is ProTerra segregated certified;
- **animal feed (embedded soy):** Danone estimates that soy accounts for less than 5% of the feed consumed by the dairy cows in its supply chain. In order to identify the deforestation risks accurately, Danone has been conducting country by country assessment of soy feed volume and origin through its Cool Farm Tool. At the end of 2023, Danone has analyzed soy sourcing for 91% of its milk volumes (milk sourcing coverage has been changed by the exclusion of Russia from Danone's scope and the inclusion of Turkey in the scope assessed with Cool Farm tool). Within these milk volumes, 52% of soy consumed is from low-risk origin, 8% is certified, and 40% is at risk of potential deforestation as Danone is lacking of visibility regarding the origin. Of that 40% total soy volume, the Group compensates 37% by purchasing RTRS (Round Table on Responsible Soy) credits. Countries being assessed for the first time are not required to purchase RTRS credits in order to budget for the coming year or to compensate the volumes at risk in another way.

When it comes to tackling deforestation risks for soy feed, the Group's key strategic focuses are:

- i. increasing traceability systemically;
- ii. promoting sustainable soy through engagement with farmers and dairy processors;
- iii. encouraging feed autonomy through local and/or alternative protein.

- **paper and board:** In 2023, Danone worked with its suppliers to implement and prioritize traceability and ensure a Deforestation and Conversion Free (DCF) supply chain, in particular by reinforcing its processes. At the date of this report, 2023 data was still being collected. Danone expects to have maintained 99% of paper and board packaging made of recycled fibers or virgin certified (FSC, PEFC, SFI) fibers. The exact numbers will be confirmed in the first half of 2024 in Danone's Forest Annual Update.
- **cocoa:** based on 2023 volumes, Danone estimates to have sourced 75-80% of certified cocoa within one or more certification programs (e.g Rainforest Alliance, Organic, Fairtrade) and is actively working to increase sourcing of certified cocoa in 2024. In 2023, Danone worked with its suppliers to implement and prioritize traceability and ensure a Deforestation and Conversion Free (DCF) supply chain, in particular by reinforcing its processes.

#### Positive Impact Projects: investing in forests and natural ecosystems

The Group works directly with selected producers further up its supply chain and has developed many collaborative projects to help producers address environmental and labor issues, such as:

- In 2021, Danone worked with the Livelihoods Fund for Family Farming (L3F) to launch a ten-year project to help 2,500 smallholder palm oil farmers achieve a sustainable transition in Sumatra, Indonesia. The project aims to build a transparent and deforestation-free supply chain thanks to locally adapted agroforestry models, regenerative agriculture and biodiversity enhancement. Collectively, the project will help regenerate 8,000 hectares of palm farms in degrading land areas, while restoring an additional 3,500 hectares of local biodiversity over ten years. This is delivered through a partnership between Danone, Mars and L'Oréal and is implemented locally by Musim Mas (lead processor of palm oil) and SNV (entrusted project implementer working closely with palm oil smallholders).
- Danone has supported the Siak Pelalawan Landscape Program (SPLP) since its launch in 2018. This private sector-driven initiative aims to achieve sustainable palm oil production in the Siak and Pelalawan districts of Riau, Indonesia. With more than 200 villages, the districts spread over two million hectares. Danone supports Goal 2 of the program, namely: improve the livelihoods of palm oil farmers and communities in at least 50 high priority villages in the districts by 2025. To date, SPLP has supported 39 villages and trained 3,460 farmer communities on sustainable land use establishing a systemic enabling condition directly from the grassroots to protect the remaining natural ecosystems and create sustainable livelihood.
- In Mindanao in the Philippines, Danone is supporting a ten-year project to implement a new, sustainable supply chain, where

independent coconut smallholders can couple quality production with better income. The project was launched by L3F and is setting up a new supply chain which provides the farmers with the skills, infrastructure and material to produce high quality coconuts and enjoy better access to the market, and improve their revenues. Since 2018, the 1,000 farmers involved in the project have been trained on regenerative agriculture to improve their farms' productivity while improving soil health. Five years after the project launch, productivity has increased by 50% in farms that have adopted mulching and regenerative agriculture practices. The project is implementing a direct sourcing scheme, with the smallholders selling their crop directly to a leading coconut manufacturer through farmer-owned cooperatives. The cooperatives rely on networks of village-level farmers' associations to harvest the coconut and collect it through a unique collection point to the manufacturer, which in turn sells the processed coconut to Danone.

- The Regenerative Coconuts Agriculture Project (ReCAP) in Thailand, started in 2020. Danone Ecosystem Fund, Harmless Harvest, and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH teamed up to improve coconut farming practices. The surge in demand of the "Nam Hom", an aromatic variety of coconut from Thailand, has led to mono-cropping and heavy chemical agriculture practices that cause many environmental problems ranging from soil erosion to loss of biodiversity. This condition also makes the farming community's income more vulnerable to coconut price fluctuation. The project adopts regenerative agriculture principles to address the challenge focusing on helping farmers access high quality compost, adopt diverse vegetation and beekeeping to increase biodiversity as well as implement non-chemical pest management. The project has trained 432 farmers with 27 master trainer graduates and helped establish accessible high quality compost via six suppliers, also in collaboration with the Thai government. The project's impact is promising, with soil organic matter increasing by 1.15% on average.

#### Collaborative initiatives

Danone participates in the One Planet Business for Biodiversity (OP2B) coalition, the Forest Positive Coalition (FPC) in the Consumer Goods Forum, in several dedicated palm oil platforms such as the Palm Oil Innovation Group (POIG) and RSPO, in dedicated platforms for other commodities such as Bonsucro and finally, in industry platforms such as the Sustainable Agriculture Initiative (SAI).



### Managing grievances and alerts related to raw materials

Since 2019, Danone has implemented a grievance mechanism for palm oil, with the support of the Earthworm Foundation (available on Danone's website). Currently, this mechanism is also being used for other commodities.

A dedicated team meets regularly to address any incoming NGO and media alerts. When allegations of non-compliance against producers arise, the Group carries out an investigation with support from internal and external experts, and in particular with Tier 1 suppliers. If a low-risk non-conformity has been confirmed, Danone asks the producers to develop an action plan to resolve the non-conformity. In the case of a high-risk non-conformity, which has occurred most often for palm oil, the Group works with its Tier 1 suppliers and can choose to suspend the non-compliant producers until they demonstrate concrete progress toward its commitments. Danone informs all of its active suppliers about the suspension decisions and the suspended producer is only allowed to re-enter the Group's supply chain after demonstrating progress and, ultimately, with Danone's consent.

In 2023, Danone registered 11 new alerts linked to deforestation and human rights violations, ten of which were related to palm oil and one to other commodities.

In total, the Group is monitoring 22 alerts that have been brought to its attention by organizations such as the Earthworm Foundation, Chain Reaction Research, Global Witness and Friends of the Earth.

In line with Danone's grievance mechanism, the alerts are being investigated and monitored in dialogue with the parties involved and the supporting NGOs and experts. Four of the cases have a suspension put in place by Danone meaning Danone decided to issue a suspension for participation in Danone's supply chain due to non-compliance or grievances brought to its attention. In 2023, Danone decided to lift one suspension as the (indirect) supplier showed appropriate remediation plans for non compliance. Danone will continue to monitor the situation closely.

### Focus on SBTN

*Alpro*, Danone's iconic plant-based brand, is part of the official Science Based Targets for Nature (SBTN) pilot group together with key food businesses and retailers, leading the way in preparing to set the first science-based targets for nature. The new SBTN will provide crucial guidance for companies to holistically assess and prioritize their environmental impacts and prepare to set targets, beginning with freshwater and land, alongside climate, through the SBTi.

## CIRCULAR ECONOMY: PACKAGING AND WASTE

### Circular and low carbon packaging system

#### Context

Packaging is essential for Danone's activities as it protects food and beverages, increases shelf life and reduces food waste. The Group strives to offer nutritious, high-quality food and beverages in packaging that is 100% circular and low-carbon. This means all packaging is designed to be safely reused, recycled or composted and in a way that the materials used by Danone could stay in the economy and never become waste or pollution. In order to step up the transition to a circular and low-carbon economy, Danone works with many value chain stakeholders to explore different solutions and business models with a view to reducing its packaging use, improving the circulation of packaging that cannot be eliminated, recovering what is not circulated, tackling leakage and improving livelihoods of communities.

For more information on this section on *Circular and low carbon packaging system*, refer section 5.6 *Vigilance Plan*.

#### Governance

At Danone, a dedicated team focuses on packaging circularity in cooperation with the Research & Innovation (R&I), Procurement and Operations departments and the General Secretary.

National and regional regulatory monitoring is undertaken by the General Secretary, including ongoing dialogue with NGOs and governments. A global policy assessment is conducted on a yearly basis to identify policy trends and anticipate upcoming developments.

Danone's packaging footprint is assessed annually in terms of volumes marketed and using environmental Key Performance Indicators (KPIs) calculated for each country and for each type of packaging. These environmental KPIs include packaging recyclability rates, actual recycling rates, recycled content use and greenhouse gas emissions.

### Partnerships and collective initiatives

Key functions such as the Circular Economy, R&I and General Secretary teams are involved in ongoing external dialogue with key stakeholders including suppliers, governments and NGOs. The purpose of this dialogue is both to understand risks and opportunities, monitor Danone's impact and co-build Danone's packaging strategy. While consulting a broad number of stakeholders, key partners include:

- Ellen MacArthur Foundation (EMF), through initiatives such as the New Plastics Economy and the Global Commitment on Plastics, spearheaded by EMF in collaboration with the United Nations Environment Programme;
- The Consumer Goods Forum Plastic Waste Coalition of Action (CGF PWCoA), of which Danone is a member, working to set standards and align industry practices to improve plastic collection, reuse and recycling;
- And, in 2022, Danone joined the Business Coalition for a Global Plastics Treaty, led by EMF and the World Wide Fund for Nature (WWF), that brings together businesses and financial institutions committed to supporting the development of an ambitious, effective, and legally binding UN treaty to end plastic pollution.

### Identification of risks

Thanks to this approach and the processes it has rolled out, Danone is able to identify the following risks:

- license to operate risks in relation to regulatory measures, retailers' packaging restrictions that can induce additional costs;
- consumer preferences evolution impacting the demand for the Group's products;
- environmental risks linked with plastic usage and plastic pollution generated affecting water, air, soil, fauna, flora, climate, throughout the plastic's life cycle;
- risks related to human health and rights of workers and of local communities, particularly affecting vulnerable populations in or near extraction, processing, treatment, and recycling infrastructures. Risk of non-compliance with international conventions on human rights in the plastic value chain, particularly for workers in the collection and recycling sector.
- risk of harm to human health related to the production and use of certain plastics and additives which could, from the migration of sensitive substances, generate risks for human health along the life cycle of plastics. In this highly regulated field, Danone through its internal programs, qualifies, buys and uses plastic materials that respect and even go beyond all relevant regulatory measures to ensure consumer safety.

### Packaging Policy

Danone has long been committed to promoting a circular approach to packaging. This commitment is demonstrated by its participation in the creation of the first Extended Producer Responsibility system (Eco-Emballages, now Citeo) in France in 1992, as well as *evian's* leadership in becoming the first brand to use food-grade recycled PET for natural mineral water in France in 2008.

The Group fully embraced the ambition of packaging circularity when it joined Ellen MacArthur Foundation's (EMF) New Plastics Economy initiative in 2017, and signed the 2018 Global Commitment on Plastics, spearheaded by EMF.

Since then, Danone has been working toward achieving its targets in addition to advocating for a collective global transition. Since 2018, Danone has demonstrated tangible progress in key areas such as virgin plastic reduction, reuse, recyclability rate, and recycled content. However, the Group has experienced systemic barriers including underdeveloped reuse collection and recycling infrastructures and the scarcity of recycled content.

These systemic barriers need to be overcome together with other industry players across the value chain and policymakers, notably through regulation. This is why since 2020 Danone has advocated, together with World Wide Fund for Nature (WWF) and EMF, for an ambitious and binding UN Treaty on Plastics, an important opportunity to unlock and step up the Group's own progress on plastics circularity.

### Commitments

Building on challenges faced and the lessons learned over the last few years, while acknowledging the need to reduce greenhouse gas emissions related to packaging, Danone continues to drive the transition of its activities to a circular and low-carbon packaging system. Danone has been committed to this approach since 2016, guided by Danone's Packaging Policy but also by industry initiatives such as EMF's Global Commitment on Plastics, as well as, since 2023, its new sustainability strategy, the Danone Impact Journey.

The Danone Impact Journey is based on three main targets to drive the transition to a circular and low-carbon packaging system, namely:

- 100% reusable, recyclable, compostable by 2030;

- halve the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030 compared to 2020 baseline excluding EDP Russia, accelerating reuse and recycled materials;
- lead the development of effective collection systems to recover as much plastic Danone uses by 2040.

Danone shares its packaging vision and commitments with its suppliers and business partners, asking them to align with its approach to build a transparent circular economy together. This approach is integrated into the Danone Sustainability Principles (DSP) added in contract clauses between Danone and its direct suppliers.

### Actions plans and outcomes

Danone rolls down its commitments in each country where it operates through action plans consistent with the waste hierarchy principles underpinned in Ellen MacArthur Foundation's New Plastics Economy, the European Single Use Plastic Directive, and the upcoming European Packaging and Packaging Waste Regulation (PPWR), with three overarching objectives:

1. Reduce packaging usage;
2. Improve the circulation of packaging that cannot be eliminated;
3. Recover what is not circulated by fighting against dumping in nature, while improving the living conditions of workers in the collection and recycling sector.

#### 1. Reduce packaging usage

In 2023, Danone achieved the following results:

- Total packaging volumes: 1,393,759 tons, including 693,156 tons of plastic;
- Absolute reduction of 8% (excluding EDP Russia) in the use of plastic packaging between 2018 and 2023;

Danone aims to reduce plastic packaging use where possible, with actions and progress including:

#### ■ Eliminating problematic or unnecessary packaging

- Plastic spoons: Danone eliminated or replaced almost 30 million between 2018 and 2023, with full elimination achieved in Europe;
- Elimination of sleeves on *Danacol* products since 2022 and *Actimel* bottles since the end-of 2023 in Europe, reducing a total of 1,000 metric tons of plastic.

#### ■ Replacing plastic packaging with alternative materials. The Group intends to offer consumers plastic-free options that are economically viable, tailored to local needs, and ensures, through life-cycle analysis, that the alternative solution is environmentally beneficial. These include:

- Danone has a natural mineral water offering in glass bottles and metal cans;
- Danone plans to offer alternative paper-based solutions in Europe for its plant-based products category.

#### ■ Reducing packaging through lightweighting and design optimization

- Leading water brands including *évia*, *Volvic*, *Fontvella*, *Lanjarón* and *Zywiec Zdroj* have reduced weight by more than 10% since 2019 (for 1.5L products);
- Danone also markets large formats for Waters (6L and 8L). The plastic in the *Volvic* 8L format, for example, weighs 25% less per liter than the 1.5L format.

## 2. Improve circulation of packaging that cannot be eliminated

In 2023, Danone achieved 16% reduction in the use of virgin fossil-based plastic between 2018 excluding EDP Russia and 2023, and 3% reduction between 2020 excl. EDP Russia and 2023. 🌱

Danone wants to improve circulation of packaging that cannot be eliminated by implementing a set of actions including:

### ■ Danone is committed to developing reuse models

- Around 50% of Danone's water volumes are sold in reusable packaging (mainly reusable jugs of *Bonafont* in Mexico, *AQUA* in Indonesia and *Hayat & Sirma* in Turkey).
- Danone deploys iconic returnable glass offers for its Waters category for HoReCa (Hotels, Restaurants, Catering) and is working towards expanding in several countries including France, Spain, and Indonesia;
- Danone has a sizeable coffee creamers business in US delivered in bulk for AFH (Away from Home) consumption;
- Danone has launched more than 15 reuse pilots (completed or on-going) in Waters, Essential Dairy & Plant-Based, and Specialized Nutrition working with supply chain partners such as Terracycle Loop, Uzaje and LemonTri, and retailers such as Carrefour and Tesco. The outcomes of these pilots have informed Danone for both bulk, filling solutions and returnable models.

### ■ Danone is actively participating in co-creating the future of reuse:

- In France, Danone is working closely with CITEO on a ReUse program to establish a unified and nationwide operational reuse system for food packaging;
- The Group forges and enters into cross-sector partnerships for its categories across its primary markets. For example, in 2023, Danone was one of the founding members of the Coalition Défi Vrac with companies such as Bel, Lesieur et Famille Michaud;
- The Group continues to work with platforms such as the advisory group of the Ellen MacArthur Foundation's Scaling Returnable Packaging project and the Consumer Goods Forum's Reuse/Refill working group, engaging in pre-competitive discussions and initiatives on the subject;
- Danone supports policies aimed at addressing current challenges concerning the expansion of reuse models, such as the lack of scalable business models, infrastructure and sector collaborations;
- Danone will be committed to supporting consumer engagement on reuse (e.g., the *évia*n refillable water system on court for Wimbledon 2023 contributed to raise consumer's awareness).

### ■ Danone is re-designing packaging to ensure recyclability

Danone is working to ensure that the materials put on the market can be sorted and recycled in practice, adapting them to local infrastructure. In 2023, 84% of Danone's packaging was reusable, recyclable, or compostable (stable versus 2022). 🌱

Some examples of efforts deployed in 2023 include:

- Adapting packaging design to ensure an efficient sorting, for example using new inks to improve the recyclability of black beverage cartons such as *Alpro* drinks;
- Re-designing *Badoit* bottles from green to clear PET to support closed loop recycling;
- Danone is also supporting the development of recyclability principles to achieve full circularity, participating in industry alliances (Ceflex, CGF Golden Design Rules) and these guidelines are introduced into the packaging development process;
- For Essential Dairy & Plant-Based cups made either of PS or PET, Danone's goal is to achieve 100% recyclable cups. In this regard, Danone is working with value chain partners to create recycling streams, for instance: PET25 coalition in France with CITEO or PET Recycling Coalition in US (since 2022);
- In Brazil, a pilot project called "Recicla PS" started in 2023 in partnerships, such as with Yattó (start-up specialized in hard recycling materials) to create a new recycling stream for Dairy cups.

### ■ Danone is reducing virgin fossil-based packaging by using recycled materials from responsibly managed sources

- In 2023, the Group achieved 14.6% recycled materials on average in its plastic packaging (versus 11.9% in 2022);
- Danone used on average 23.8% recycled PET (rPET) in the Waters category (compared with 21% in 2022), and 31.3% (vs. 26.4% in 2022) recycled PET. In countries where local standards and regulations allow it, Danone complies, in all countries where it operates, with regulations defining the use of recycled materials. Some countries, like China, do not allow the use of recycled materials.
- Danone is continuing to launch 100% rPET bottles. Since end-2021, all Danone's main water brands have at least one format in 100% recycled materials (where legally authorized);
- Danone is expanding recycled materials to cups, launching PET cups containing 30% rPET in France and Belgium, and in 2023 Danone signed its first contract in United States to offtake food-grade recycled high density polyethylene (HDPE) to incorporate it into Danone's beverages offer;
- Danone is also actively supporting breakthrough technologies to enable the recycling of hard-to-recycle packaging, partnering with companies as LOOP INDUSTRIES and Eastman.

### 3. Recover what is not circulated by fighting against dumping in nature, and improving livelihoods for workers in the collection and recycling sectors

#### ■ Co-build and co-finance collection systems to recover as much as Danone uses

Danone is committed to co-developing efficient and inclusive collection and recycling systems through a collaborative approach within its ecosystem. In 2023, 58% of plastic put on the market was recovered (versus 56% in 2022). 🌱

- Danone is co-financing collection of water by paying Extended Producer Responsibility (EPR) fees in markets where EPR is legislated. For water bottles, Danone plays an active role in advocating for Deposit Return Systems (DRS) and runs pilots to prove their efficiency to decision makers (e.g., in Poland);
- In the US, Danone is a founding member of Circular Action Alliance (CAA), a Producer Responsibility Organization (PRO) selected to implement EPR in Colorado and California. Danone also invested \$5 million in Closed Loop Partners' Closed Loop Infrastructure Fund (CLIF);
- The Group's actions also include engaging with local partners, notably in Europe and North America, to create sustainable recycling streams for Essential Dairy and Plant-Based cups.
- Danone will continue to support well-designed EPR/DRS schemes.

For several years, Danone has advocated for an ambitious and binding UN Treaty on Plastics and plays an active role in the Business Coalition for a Global Plastics Treaty. Together with the other members of the Business Coalition, Danone is calling on the world's governments to create a robust treaty, with legally-binding global rules and measures, to drive circularity and curb plastic pollution on a global scale.

In high-leakage markets, in addition to its commitment to EPR, Danone has invested voluntarily in impact funds and provided grants to mitigate structural barriers during the transition phase.

- In 2020, Danone led the formation of Indonesia Packaging Recovery Organization (IPRO), a voluntary Producer Responsibility Organisation (PRO) in Indonesia, in collaboration with five other companies;
- In 2018, Danone is committed to invest \$15 million to the Circulate Capital Ocean Fund (CCOF) in South and South-East Asia as part of Water brand AQUA's pledge (Indonesia) to recover more plastic than used by 2025. CCOF has committed more than \$62.1 million to date. In 2022, its portfolio companies had an impact on an additional amount of approximately 81,579 tons of plastic leakage prevented and created more than 1,792 safe and stable additional jobs in the collection and recycling sectors;
- In 2023, Danone joined the Circulate Capital initiative for Latin America and the Caribbean and committed an additional \$15 million to addressing plastic pollution and scaling the recycling value chain in the region and in particular in Mexico and Brazil;
- With support of grants enabled by the Danone Ecosystem Fund, Danone's collection and recycling partners are collecting more than 25 kilotons of plastic every year globally.

#### ■ Danone builds projects to provide direct support to waste pickers, improving their well-being while expanding the capacity to reduce leakage into the environment

Danone and Danone Ecosystem have launched inclusive recycling projects to support waste pickers in seven countries in different ways (e.g., worker cooperatives that oversee the process of collecting, sorting, and selling plastics directly to recycling plants). As a result, these workers benefit from a safe environment, are paid appropriate wages, and are afforded greater social protection.

The global results for several projects include:

- More than 486,100 metric tons of recyclable materials and more than 73,100 tons of PET were collected in eight countries from 2009 to 2023;
- In 2023, more than 10,600 people gained independence thanks to the nine projects implemented since the launch of Danone Ecosystem. This process of empowerment has created a ripple effect, positively impacting more than 2.86 million people.

In Indonesia, Danone's projects, together with Danone Ecosystem's Inclusive Waste Management system, resulted in:

- Around 300 workers in the collection and recycling sectors benefiting from a micro-credit service, and 2,896 gaining access to social benefits adapted to their needs;
- Worker communities in the collection and recycling sectors receiving training to prevent child labor;
- More than 40,000 tons of waste being collected since 2020 from households, businesses, and public spaces.

#### ■ Offtake of recycled materials to create an after-use economy

- Managing recycled materials is key to creating an after-use economy as it helps to reduce the amount of waste that ends up in landfills and nature, and to improve the working and living conditions of waste pickers. Closing the loop is Danone's priority to reduce the carbon footprint and conserve natural resources. Moreover, it can help to create new jobs and stimulate economic growth.
- In the Waters Category, Danone met its target of achieving an average of 25% recycled PET (rPET) in 2020 and aims to reach an average of 50% by 2025 in countries where local standards and regulations allow it, thus doubling its volumes of recycled materials versus 2020. The Group has already committed to long-term contracts with its suppliers to achieve its objectives, providing them with sufficient visibility with a view to encouraging them to invest in innovative technologies, collection, and recycling infrastructure;
- Danone is extending recycled materials to cups, launching PET cups containing 30% rPET in France and Belgium. In addition, in 2023 Danone signed its first contract in the United States to offtake food-grade recycled high-density polyethylene (HDPE) to incorporate it into its beverages offer.

## Waste management

Danone monitors waste production and recovery by implementing practices such as recycling, reuse, composting and waste-to-energy. The Group's production sites seek to maximize the recovery rate for

their waste through on-site sorting and staff training. To that end, these sites enter into agreements with subcontractors that can recover the various types of waste generated.

	2022	2022 excluding EDP Russia	2023
<b>INDUSTRIAL WASTE <sup>(a)</sup></b>			
Total quantity of industrial waste (in ktons)	344 <sup>(b)</sup>	333 <sup>(b)</sup>	323 <sup>(b)</sup>
Ratio of total quantity of industrial waste per metric ton of product (in kg/tons)	9.8 <sup>(b)</sup>	9.73 <sup>(b)</sup>	10.19 <sup>(b)</sup>
Proportion of industrial waste recovered	93.5% <sup>(b)</sup>	94.2% <sup>(b)</sup>	94.4% <sup>(b)</sup>
<b>PACKAGING INDUSTRIAL WASTE <sup>(a)</sup></b>			
Total quantity of packaging industrial waste (in metric ktons)	114	111	109
Ratio of total quantity of packaging industrial waste per metric ton of product (in kg/tons)	3.3	3.2	3.3
Proportion of packaging industrial waste recovered	98.4%	99.0%	99.0%
Proportion of plastic packaging waste recovered	98.2%	99.0%	99.0%

(a) Production sites' environmental scope, see section 5.8 Methodology note

(b) Excluding sites from the Water category for Food Waste

The amount of industrial waste generated per metric ton of product increased by 4.7% between 2022 excluding EDP Russia and 2023. Although we can observe a decrease in food waste generated in production sites, the recovery rate for industrial waste remained stable compared to 2022 excluding EDP Russia (Production sites' environmental scope, see Note 5.8 Methodology note).

The recovery rate for plastic packaging waste at the production sites accounted for 99.0% in 2023, similar to 2022 excluding EDP Russia. In 2023, 1.5% of post-industrial packaging waste was sent to landfill (1.4% in 2022 excluding EDP Russia). The target is to reach 0% by 2025.

## Reducing food waste

### Definition

Danone is committed to reducing food waste in its end-to-end supply chain. For that purpose, in 2022 the Group launched an extensive global program named the Battle Against Waste. The program is designed to deliver sustainability and productivity targets. The dual project engages end-to-end supply chain stakeholders, external partners with suppliers and customers, and leverages internal expertise in order to halve Danone's food waste.

### Policies

Danone closely monitors and reports on food waste generated in its end-to-end supply chain and continuously optimizes processes, by driving internal awareness and building loss reduction capabilities, investing in new manufacturing technologies, re-purposing and up-cycling where possible and redistributing food surpluses. The Battle Against Waste program is tracked via a robust reporting system and is driven by individually allocated targets for each production site and selling unit. Performance is reviewed regularly at a local and zone level and on a quarterly basis globally.

### Targets

Put in place from 2020 and reaffirmed in the Danone Impact Journey framework, Danone has committed to halving its ratio of food waste not fit for human or animal consumption or biomaterial processing (to destinations such as Landfill, Sewer, Refuse/Discards, Controlled Combustion, Not Harvested, Land Application & Co/Anaerobic Digestion) throughout its operations and distribution chain between 2020 and 2030, on a like-for-like basis.

The Group's food waste ambition is in line with the United Nations' Sustainable Development Goal (SDG) 12.3. Danone is a member of the 10x20x30 Initiative and Friends of Champions 12.3.

In 2023, Danone submitted a #123Pledge to demonstrate how it will achieve its 2030 waste reduction target: i) driving breakthrough results in Danone's operations to halve food waste by 2030, ii) leading the transition to "best before date" wherever possible (when there is no food safety risk and the local context allows) whilst educating consumers, and iii) joining forces to optimize food redistribution.

## Action plans

Danone adopts a collaborative approach to reducing food waste across its entire product portfolio, involving suppliers, distributors, partners and consumers in the process:

■ **in Danone's own operations:** the teams use expert waste assessments to identify key losses. The Battle Against Waste toolkit (a selection of proven best practices) is then reviewed to identify which practices can be scaled. Each production site works cross-functionally in order to track and reduce food waste and loss within operations. Any unavoidable food waste is preferentially sent to recovery streams with higher valorization, in line with Sustainable Development Goal 12.3;

■ **in Danone's value chain:** redistributing any surplus food to specialist charities in order to support vulnerable communities. Danone has a global partnership with the Global Foodbanking Network (GFN) to facilitate redistribution and recovery. In addition, all Essential Dairy and Plant-Based products, where safe to do so, are transitioning from "Use By" to "Best Before" date labelling, to reduce food waste in households. Danone is accompanying this date labelling transition with consumer education campaigns in partnership with Too Good to Go and local retailers.

## Results

	Year ended December 31					
	Production sites <sup>(a) (b)</sup>			Production sites and supply chain <sup>(b) (c)</sup>		
	2022	2022 excluding EDP Russia	2023	2022	2022 excluding EDP Russia	2023
<b>FOOD WASTE MANAGEMENT</b>						
Total quantity of food waste generated (in metric ktons)	230	222	215	295	295	274
Ratio of total quantity of food waste per metric ton of product sold (in kg/tons)	28.0	30	30.2	35.2	35.3	37.7
Ratio of total quantity of food waste recovered per metric ton of product sold (in kg/tons)	25.5	27.5	27.9	29.3	31.1	33.3
Proportion of waste recovered	91.2%	92.0%	92.0%	83.0%	81.0%	88.0%
Ratio of total quantity of food waste non-recovered per metric ton of product sold (in kg/tons)	-	-	-	6.0	6.0	4.5
<b>Reduction in the ratio of total quantity of food waste non-recovered per metric ton of product sold since 2016, on a like-for-like basis <sup>(d)</sup></b>	-	-	-	<b>-34.1%</b>	<b>-33.5%</b>	<b>-41.3%</b>
Ratio of total quantity of food waste per metric ton of product sold, excluding waste intended for animal feed and the processing of biomaterials (in kg/tons) - SDG 12.3	-	-	-	21.2	22.0	20.3
<b>Reduction in the total quantity of food waste per metric ton of product sold, excluding waste intended for animal feed and the processing of biomaterials - SDG 12.3, since 2020 on a like-for-like basis <sup>(d)</sup></b>	-	-	-	<b>-13.5%</b>	<b>-14.2%</b>	<b>-19.8%</b>

(a) Production sites' environmental scope, see section 5.8 Methodology note.

(b) Excludes sites from the Waters category.

(c) Production sites' environmental scope see section 5.8 Methodology note.

(d) Based on constant consolidation scope and methodology.

The ratio of total quantity of food waste non-recovered per metric ton of product sold since 2016 decreased by an additional 7.8% in 2023 compared to 2022 excluding EDP Russia, mainly thanks to the results of action plans on supply chain food waste in Morocco and on industrial food waste in the United States and in Brazil.