



LIVING OUR COMMITMENT

to **responsible marketing**
of baby formula

2023 Report



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WHY WE PUBLISH THIS REPORT

At Danone, our mission to bring health through food is at the heart of everything we do. In early life, the right nutrition during a baby's first 1,000 days is crucial for their lifelong health.

We have been researching the benefits of breastfeeding for life-long health for over 50 years and in line with the World Health Organization (WHO), we believe that it must be protected and promoted. We invest in developing high-quality, evidence-based products inspired by breastmilk research, and share everything we have learned about giving babies the best nutritional start in life with parents, healthcare professionals and society at large. In doing so our aim is to empower parents to make informed decisions when it comes to feeding their babies.

As a leading provider of baby formula we believe we can both contribute to support and protect breastfeeding, as well as support parents with baby formula if they cannot or choose not to breastfeed. Ensuring we market our baby formulas responsibly enables us to do so, and we transparently report on our progress against our responsible marketing standards.

We are proud of our achievements in 2023, including the training of over 6,300 employees on our Danone Breast-Milk Substitutes (BMS) Policy and ensuring all Danone Healthcare Nutrition Advisors working in infant and maternal nutrition are certified by UNITAR on its latest e-course on breastfeeding.

We also continued our efforts to deliver our commitment in response to the 2020 BMS Call to Action, put forth by WHO, UNICEF and civil society organizations, particularly regarding product design differentiation, and ethical and transparent healthcare professional engagement.

This report captures our progress, as well as a transparent disclosure of alleged instances of non-compliance with our strict global policies, not only by Danone but also from partners like distributors and retailers involved in the marketing of our products. It is based on independent external assessments and our own monitoring. We share the steps we are taking to address and improve our practices when we did not act in line with our Danone policy.

Although we might not get everything right all the time, transparent reporting helps us improve every year as we strive to positively impact the health of babies and young children at scale and support breastfeeding globally by upholding strict industry-leading standards on the responsible marketing of baby formula. I am proud to share this progress report, providing a summary of what we learned in 2023, as we continue to live our commitment in responsible marketing of baby formula.

March 2024



Jean-Marc Magnaudet
President of the
Specialized Nutrition Unit

EXECUTIVE SUMMARY

What is this report?

Each year, Danone publishes a report detailing its compliance with the **Danone Policy for the Marketing of Breast-Milk Substitutes**. We strive to continuously improve our practices and transparently report our progress in the field of responsible marketing of baby formula based on independent external assessments, alongside our own monitoring.

External assessment and verification of our practices

We rigorously monitor, report and review our own efforts – but to **ensure our approach is as robust as possible, we make sure we work with qualified, external, third-party experts** to provide an independent assessment on how we are doing. This includes independent audits in at least three markets every year.

Working with **Bureau Veritas, ATNI, FTSE4Good & B Corp** gives us valuable external perspectives on what's working well and what can be improved. We believe that external monitoring enhances the compliance and integrity of responsible marketing practices of individual companies, and ultimately, the entire industry.



OUR KEY ACHIEVEMENTS AND FIGURES OF 2023

6,349



employees were trained in 2023 on the Danone Policy for the Marketing of Breast-Milk Substitutes (versus 6,171 in 2022).

All 2,628



Danone Health Care Nutrition Advisors working in infant and maternal nutrition were trained and certified on the essentials of breastfeeding (Module 1 of UNITAR's Magic Drop e-course).

At the end of 2023,

82.5%



of all businesses of Danone, in sales value, were certified by B-Corp, including entities involved in BMS marketing, which need to follow enhanced transparency standards.

We continue to monitor allegations and act upon them. In 2023 we received



184

substantiated allegations, mainly due to activities initiated by non-contracted third parties (versus 312 in 2022).

DELIVERING ON OUR COMMITMENT TO RESPONSIBLE MARKETING OF BABY FORMULA

We are convinced that business can be a force for good, and that we can create and share sustainable value for all key stakeholders by using our scale for positive economic, social and environmental impact. Our approach to the responsible marketing of baby formula enables us to support breastfeeding and offers parent high quality nutrition for their babies, also when they cannot or choose not to breastfeed.



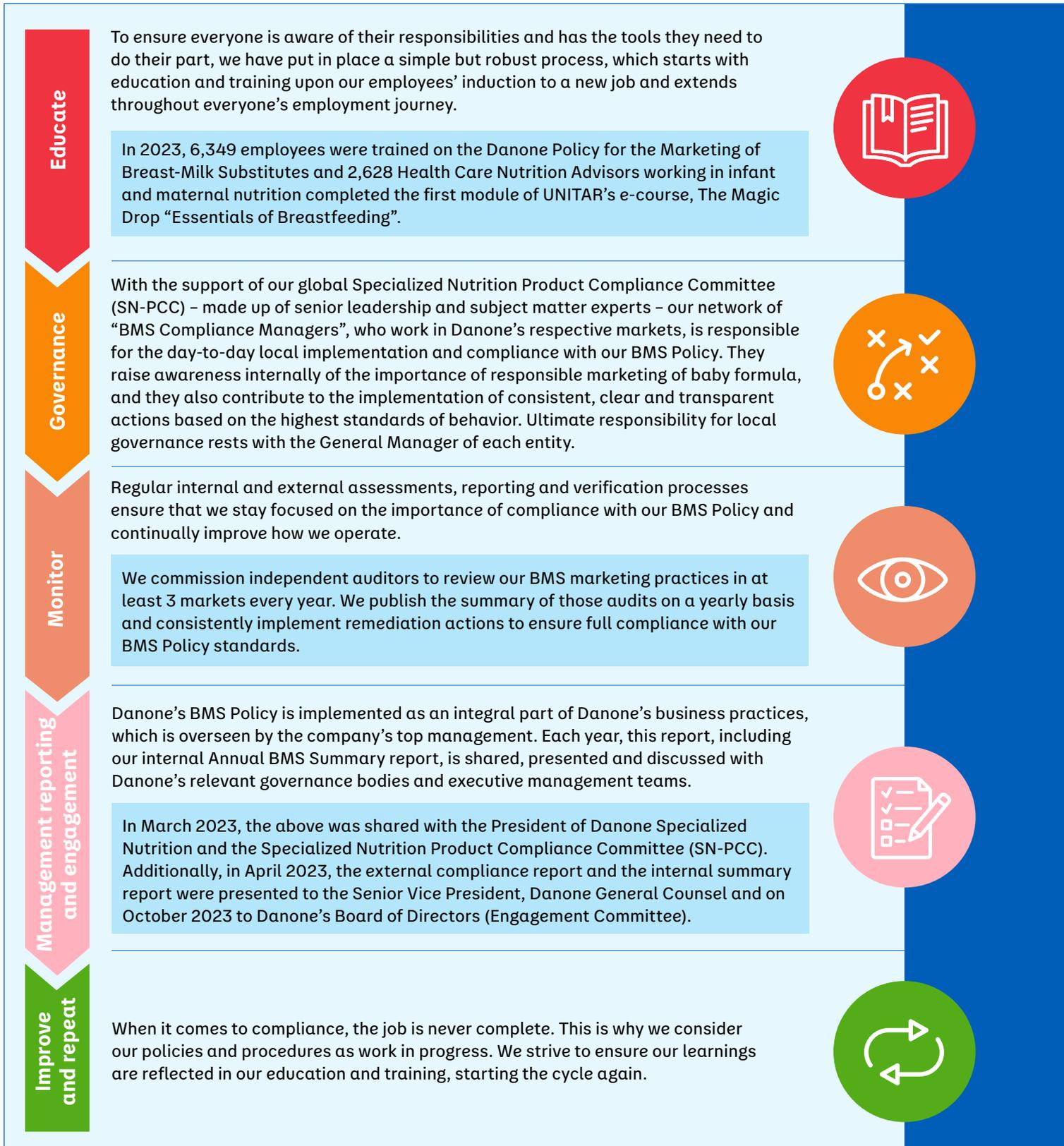
The first worldwide marketing policy in the industry

In 2016, Danone decided to pave the way by becoming the first company worldwide to not advertise or promote infant formula for children aged 0-6 months, anywhere in the world, even if permitted by local laws. **We also voluntarily extended our Policy to 12 months in parts of the world where infant health is most at risk (as classified by the FTSE4Good BMS Criteria and our BMS Policy), to help encourage breastfeeding.** Since then, we have seen other companies unilaterally joining this movement to adopt global standards for BMS marketing, which has created a positive momentum in the industry. Our BMS Policy is embedded across our business in every geography, often going beyond local market regulation to ensure high responsible marketing standards, no matter where we are operating.

Danone supports the World Health Organization's (WHO) global public health recommendation calling for exclusive breastfeeding for the first six months of age and continued breastfeeding up to two years and beyond, combined with the safe introduction of appropriate complementary foods.

EMBEDDING HIGH STANDARDS ACROSS OUR BUSINESS

All of us at Danone working in early life nutrition, from our scientists to those working in marketing, sales and distribution, to our senior executives, are responsible for making sure we consistently meet the high standards we have set ourselves for the responsible marketing of baby formula.



Our people set the standard

Employees who work on Danone's baby formula portfolio agree to abide by Danone's BMS Policy when they join the company. Our staff is regularly trained on the importance of following Danone's BMS Policy.



I am proud to work for a company that leads the industry in responsible marketing of formula. Danone believes in supporting Carers in choosing the best feeding journey for their baby. The BMS Policy is a central expression of our values, it takes all Danoners to make the Policy work. This is how we "bring health through food to as many people as possible".

Melanie Pauga
Australia / New Zealand



Ensuring compliance of BMS policy ensures our marketing practices never undermine mothers' choice to breastfeed the baby. I'm very proud that the business team has always recognized this and put it into practice.

Sally Yu
China



We love our products and bear a great responsibility. BMS compliance is a prerequisite for our business. Translating ethical values into concrete activities is an important and fulfilling task.

Henriette Gutmayer
Germany / Austria / Switzerland



I am proud to work for a company that is a leader in terms of putting ethical marketing practices first, and one which enables parents and caregivers to make informed choices regarding their infant's nutrition, while always advocating that breast is best.

Robyn Levis
United Kingdom



Our extensive reporting covers retail practices

To impact the wider ecosystem at scale, we do not limit our reporting to alleged instances of non-compliance attributable to Danone and contracted third parties (e.g. distributors), but we also report on other third parties, like retailers.

Because we believe we have a role to play in raising awareness of the importance of responsible marketing of baby formula, **we go beyond our direct scope of influence** and work with retailers, e-commerce and pharmacies to encourage them to adopt responsible marketing standards for BMS products to the extent permitted by local anti-trust rules.

Training our partners to fulfill their role

We have a duty to promote and advocate responsible business practices across our value chain and partnerships.

Therefore, we aim to provide comprehensive training to all partners that we work with on a contracted basis, to ensure they can fully comply with our BMS Policy. We actively support and encourage third party organizations we work with to familiarize themselves with and implement responsible formula marketing practices.



Worldwide policy with infant and maternal health at its heart.



Global implementation support and oversight with clear individual accountability in markets.



Constant monitoring for improvement

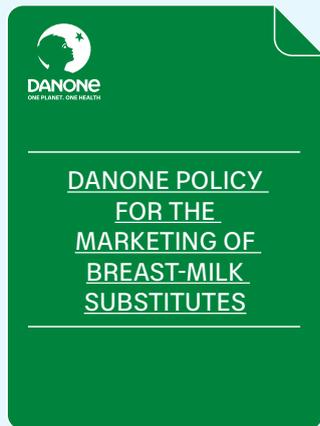
with a commitment to conduct three country evaluations and an independent assessment of our approach.

Deployment of third-party training and awareness toolkit

In 2023, we have continued the roll-out of the training and awareness toolkit for our contracted and non-contracted retail and e-retail partners. This toolkit comprises information and clarification on responsible marketing of breast-milk substitutes, as well as available options

to raise external awareness about our BMS Policy for our Commercial Third Parties through direct contact and clear, simple engaging communication training materials, within the boundaries of anti-trust rules.

Bringing responsible marketing practices to the wider ecosystem



Supporting breastfeeding in the workplace

At Danone, we believe breastfeeding can and should be enabled through policies that contribute to an environment in which parents feel supported to do so.

That is why, in 2017, we implemented a global parental policy through which we ensure parental leave for all employees, women or men, biological or adoptive parents, regardless of the country they live in.



This initiative was recognized by UN Women, the UN organization dedicated to gender equality and the empowerment of women.

Lactation rooms are available in all Danone offices with more than 50 people. We also offer job-protection, flexible working hours and return-to-work programs that support the diverse needs of parents and caregivers.



Embodying our commitment to infant and maternal nutrition and health.

In response to the 2020 [BMS call to Action](#), in which eight civil society organizations and United Nations agencies called on manufacturers to achieve WHO Code compliance, we set out a clear program and roadmap embodying our commitment to infant and maternal nutrition and health.

One of our commitments related to sustaining strong ethical and transparency standards for healthcare professional interactions. In 2023, we rolled out the implementation of the updated Healthcare Systems Compliance (HCS) Policy in our markets, while **we also supported the launch of the Specialized Nutrition Europe Code of Practice, alongside key medical societies, to raise the bar of collective industry standards across Europe.**

In addition, we ensured that **all 2,628 Health Care Nutrition Advisors working in infant and maternal nutrition trained and got certified in the first module of UNITAR's e-course, The Magic Drop "Essentials of Breastfeeding"**.

We included specific commitments to revise included specific commitments to revise our packaging designs to enable parents and caregivers to better differentiate between BMS and non-BMS products (as defined by local law or by our BMS Policy where this goes beyond local legislation). As part of this commitment, **we are continuing quantitative and qualitative consumer research against the new designs to ensure differentiation between products.** We are planning to finalize these designs in 2024, and as such begin rolling out in key markets.



B Corp certification as a mark of transparency and accountability

By the end of 2023, 82.5% of all businesses of Danone, in sales value, were B Corp certified, including entities involved in BMS marketing.

Since 2022, multinationals like Danone involved in BMS marketing are only eligible for global B Corp certification when meeting [updated disclosure requirements and marketing standards](#) as defined by B Lab and its independent Standards Advisory Council.

B Corp certification is a mark of trust; it indicates that a company is operating in a way that meets high standards of social and environmental performance, transparency and accountability, as assessed by the third-party nonprofit organization B Lab.

Danone's ambition is to achieve global B Corp certification by 2025.

2023 PERFORMANCE

Our first report on compliance with our BMS Policy was published in 2013 as part of our effort to increase transparency and openness about how we work to ensure we are marketing baby formula responsibly. Reporting on our progress and identifying areas of improvement is how we continue to evolve and strengthen our processes and practices every year.

We encourage employees, our contracted business partners and other non-contracted third parties (e.g. retailers) to alert us to any potential situations that do not comply with the BMS Policy.

We appreciate feedback and getting things brought to our attention if there is ever a situation where it looks like we did not do enough to market our baby formula responsibly and to protect breastfeeding. We carry out internal investigations and take external assessments into consideration as part of our continuous commitment to infant and maternal health.

We always investigate the topics raised by our employees, as well as those by third parties. We receive allegations in several ways – via internal monitoring, external allegations or the Danone Ethics Line and external audit – and review all facts before considering an allegation as substantiated or unsubstantiated. If an allegation is

substantiated we also publish the corrective actions we have taken.

Consequently, this report gives both an overview of non-compliance instances by Danone but also by third parties with whom we collaborate (both contracted and non-contracted), which underlines our efforts to guarantee that we bring responsible marketing practices to our wider ecosystem.

In our reporting, we categorize allegations as either substantiated or unsubstantiated when compared with the marketing standards laid out in our BMS Policy. We follow a strict process of evaluation of each allegation received from our local business units – irrespective of how or by whom the allegation is reported.

An analysis of substantiated allegations is included in the [Appendix](#).

We classify allegations as follows:



Interaction with the general public



Interaction with health workers



Labeling of products



Information and education campaigns reaching the general public

Substantiated allegations are then further classified as either:



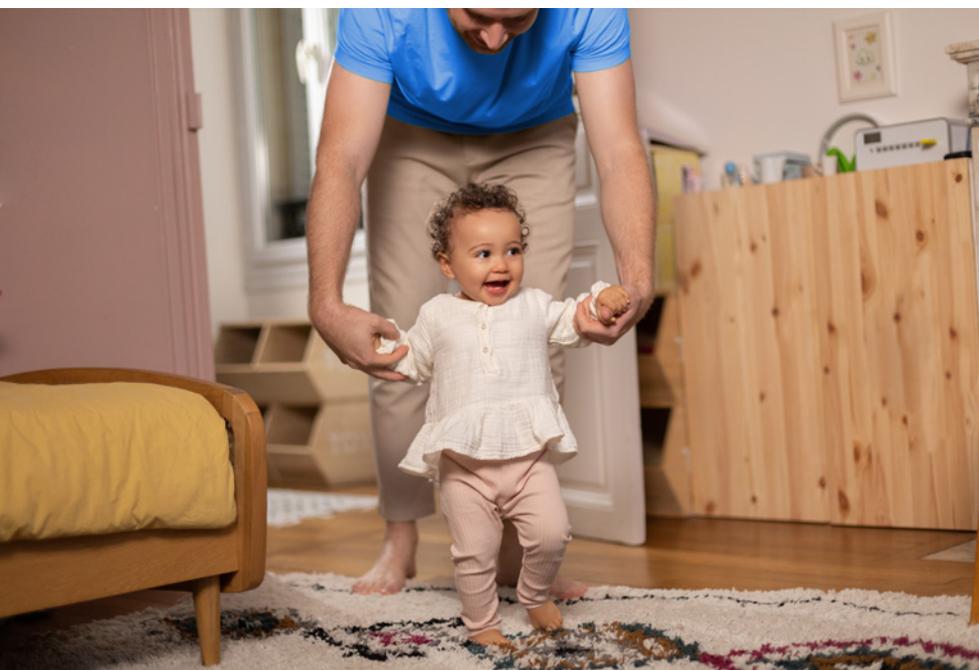
Actions conducted by Danone



Actions conducted by contracted third parties (e.g. distributors)



Actions conducted by non-contracted third parties (e.g. independent retailers or pharmacies)



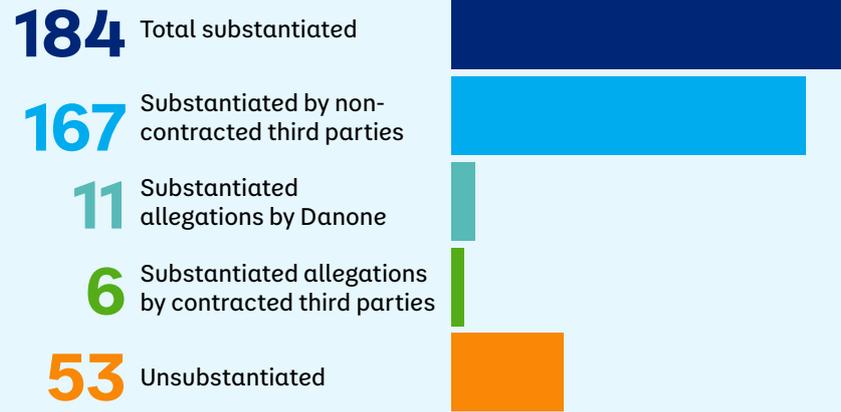
In 2023, we saw a decrease in the number of substantiated allegations by Danone and contracted partners (17) compared to 2022 (28), which we attribute to our continued commitment to increase awareness of our BMS Policy both internally and externally. More specifically, our continuous training efforts, for all Danoners working in early life nutrition, as well as the local roll-out and implementation of our updated HCS policy, are believed to be key contributors to this decrease.

In summary, for the period 1 January to 31 December 2023: We received 184 substantiated allegations and additional 53 allegations which were found, after investigation, to be unsubstantiated. Out of the 184, more than 90% were due to activities initiated by non-contracted third parties. As part of our global training and awareness program, we ensure we conduct systematic remediation and clear communication to relevant stakeholders, as we believe a better understanding of our standards contributes to increased accountability, which also enable our teams to come forward when it looks like we didn't get it right.

Where did the substantiated allegations take place?

In the Americas, we observe a significantly reduced amount of allegations vs. 2022 (90 vs. 236), which is due to the positive impact of our awareness program for all local partners. In Europe there has been an increase of allegations compared to previous year mainly due to increased activities by third parties in UK, such as advertising materials. For Asia and Africa, numbers of allegations decreased.

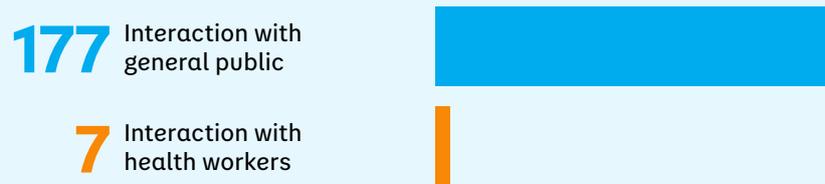
Key figures for 2023



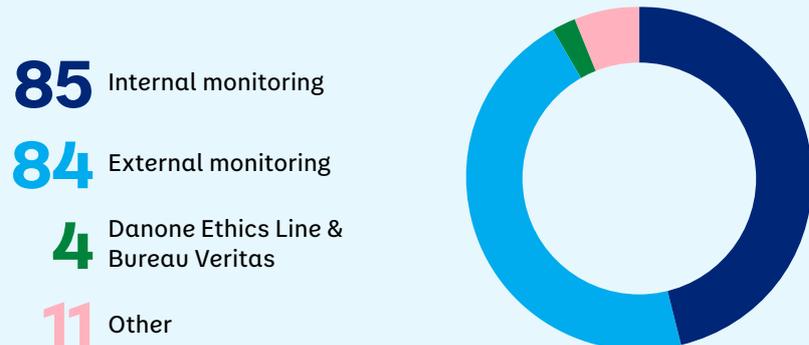
Geographical split of the 2023 substantiated allegations



What kind of substantiated allegations were received?



How did the allegations come through?



Bureau Veritas

In 2023, Bureau Veritas, an external auditor, was commissioned by Danone to undertake audits in Gabon, Vietnam and Paraguay. These countries were selected based on the following FTSE4Good criteria: infant malnutrition and mortality rates in the country and a rotation basis to ensure different countries are audited every year. To assess our level of compliance with our BMS Policy in these countries, Bureau Veritas conducted interviews and reviews of requested documentation, records, local e-commerce sites and social media webpages.

In these three countries, the audits found several areas of best practice, including:

In all three countries, the personnel had an overall good awareness of the requirements of the BMS Policy and what constitutes Covered Product as defined in the BMS Policy and under the Local Code.

- ✓ The team in Vietnam was well prepared and responsive with any follow-up queries and requests.
- ✓ The majority of requested documentation was readily available for review in Gabon.
- ✓ The training program on the Local Code and BMS Policy was well established and thoroughly implemented in Paraguay.

Danone Ethics Line

The Danone Ethics Line is a tool that enables employees (but also any external third party) to report potential non-compliance anonymously and outside their normal management reporting line.

The Ethics Line aims to empower people to call out anything of concern without fear of repercussions. This line can be easily accessed online, and people can open a confidential post box to communicate with authorized employees at Danone's head office in Paris. The platform can be used for concerns of non-compliance with our BMS Policy. Every issue raised is then investigated and appropriate action taken if non-compliance is found.

www.danoneethicsline.com



The audits also enabled us to identify areas for improvements, as explained below, which we promptly addressed with specific remediation plans:

Gabon

Non-conformance

It was observed that one retail store was selling Covered Products (as defined in the BMS Policy and under the local code) along with other brands at POSM counters with a visible price tag. That might be considered as promotional activity for the Covered Products. However, this was a single identified incident and no evidence suggested the description was created at the request or with the consent of Danone.

Action

The promotion was stopped after informing the retail store. The local business unit will continue to monitor stores and Danone commits to remind all the Partners the BMS requirements.

Vietnam

Non-conformance

It was identified that one retail store used a promotional banner or promotional banners for Covered Products (as defined in the BMS Policy and under the local code) alongside with Non-Covered Products. However, no evidence suggested that was created at the request or with the consent of Danone.

A few cases of on-line promotion of Covered Products were identified, but with no evidence suggested that was done at the request or with the consent of Danone.

Action

The promotion was stopped immediately. Danone will continue reminding all the Partners of the BMS Policy requirements.

Paraguay

Non-conformance

It was observed that some labels didn't include complete statement "Breastfeeding is the best nutrition for the baby, preventing diarrhea and other illnesses."

Several healthcare professional materials were identified that lacked information required by the BMS policy.

It was observed that some of the BMS Policy requirements for distribution of products for professional evaluation (PPE) were not in place.

It was identified that four retail stores used promotional banner for Cover Products alongside with Non-Covered Products. Also, in Paraguay it is understood that it is common practice for pharmacies to offer set discounts on all products from all brands for loyalty customers without excluding Covered Products, as observed both online and in store. There was no evidence to suggest that these perceived promotions were placed at the request of Danone.

Action

The materials will be properly reworked making sure that all required information is included. Danone will continue reminding all the Partners of the BMS Policy requirements.

Alongside the specific action plans implemented in the various audited countries, we have defined a **key area of improvement**:

Third party awareness

We remain committed to working closely with business partners to establish awareness and promote responsible marketing practices. With a continued focus on education and training, especially when it comes to retailer and consumer interaction, collectively we can raise the standard, both for ourselves and the rest of the industry.

LIVING OUR COMMITMENT

Our ongoing commitment to protecting and promoting breastfeeding is at the heart of our approach to the responsible marketing of baby formula. It is how we believe we can impact the wider ecosystem at scale.

We believe that better understanding of our standards ensures better accountability based on our internal monitoring and external assessments.

External assessment and the dialogue about our policy and practices help us progress responsibly as a company, through further implementation of responsible and ethical marketing practices at Danone and with our partners.

It is what enables us to live our mission of bringing health through food. Breastfeeding is key for giving babies the best nutritional start in life, and we will always be proud to promote and protect breastfeeding whilst providing parents with safe, quality options if families cannot or choose not to breastfeed.



SUBSTANTIATED ALLEGATIONS CONCERNING ACTIVITIES BY DANONE (11)

Month	Region	Summary of allegation	Summary of corrective actions	Category	Actual time of response to the complainant and to start remediation
January	Asia	Not enough differentiation between the labels of Covered Products and non-Covered Products in the on-line channel.	Advertisements were stopped immediately and reworked in the proper way.	Interaction with General Public (BMS Policy Art. 3).	< 4 weeks
February	Europe	Communication in the magazine for HCPs was considered not scientific.	Danone has amended such type of communication for HCP in more scientific and factual way.	Interaction with Health Workers (BMS Policy Art. 4).	< 2 weeks
March	Asia	On an online store by a e-commerce retailer, a promotional description of Covered Product was displayed.	The promotion was removed from the website.	Interaction with General Public (BMS Policy Art. 3).	< 2 weeks
June	Europe	Covered Product was placed in office, visible for the general public.	Activity was stopped immediately, and relevant functions were trained on local regulation and BMS Policy.	Interaction with General Public (BMS Policy Art. 3).	1 day
July	Middle East	E-mail addresses of several employees contained Covered Product brand name.	The issue was highlighted and corrected by relevant IT Team.	Interaction with General Public (BMS Policy Art. 3).	< 4 weeks
August	Europe	On a company facebook account was link to e-commerce with Covered Products advertisement (webshop is inactive however content was visible).	Links were removed and advertisements were stopped immediately, and the contracted agency was trained on local regulation and BMS Policy.	Interaction with General Public (BMS Policy Art. 3).	1 day
September	Europe	IFSMP (Formula for Special Medical Purposes intended for infants) advertisement was visible for general public without necessary disclaimers.	Advertisement was stopped immediately and reworked in the proper way	Interaction with General Public (BMS Policy Art. 3).	< 4 weeks
September	Europe	IF (Infant Formula) Donation, procedure not followed.	Ensure to follow HCS/BMS Policy regarding donations.	Interaction with Health Workers (BMS Policy Art. 4).	< 4 weeks

Month	Region	Summary of allegation	Summary of corrective actions	Category	Actual time of response to the complainant and to start remediation
October	Americas	Image of Covered Product was identified in social media.	Image was removed immediately and the third-party agency is instructed to make properly all future communications.	Interaction with General Public (BMS Policy Art. 3).	< 1 week
November	Americas	On social media, a promotional description of Covered Products was displayed.	There was a technical error in the system which was permanently resolved by the e-commerce team.	Interaction with General Public (BMS Policy Art. 3).	< 3 weeks
December	Americas	A post on Instagram contained images of Covered Products.	Advertisement was Stopped immediately, and the contracted agency was trained on local regulation and BMS Policy.	Interaction with General Public (BMS Policy Art. 3).	1 day

SUBSTANTIATED ALLEGATIONS CONCERNING ACTIVITIES BY CONTRACTED THIRD PARTIES (6)

Month	Region	Summary of allegation	Summary of corrective actions	Category	Actual time of response to the complainant and to start remediation
October	Americas	Samples of Covered Products were provided to HCOs.	We contacted the distributor to inform them about the restriction of our BMS Policy. Promotions were stopped.	Interaction with Health Workers (BMS Policy Art. 4).	< 2 weeks
October	Asia	Sponsorship was done without written request.	Relevant party was instructed to stop this practice with immediate effect.	Interaction with Health Workers (BMS Policy Art. 4).	< 4 weeks
October	Americas	Covered Products were promoted through Instagram.	Third party was contacted about the restriction of our BMS Policy. Promotions were stopped.	Interaction with General Public (BMS Policy Art. 3).	< 3 weeks
November	Asia	Samples of Covered Products were provided to HCOs.	Third party was contacted about the restriction of our BMS Policy. Promotions were stopped.	Interaction with Health Workers (BMS Policy Art. 4).	< 1 week
November	Asia	Lack of contract with HCO and incomplete documentation for HCS interactions.	Instructed third party to apply the correct documentation.	Interaction with Health Workers (BMS Policy Art. 4).	< 1 week
November	Americas	Covered Products were promoted through Instagram.	Thrid party was contacted about the restriction of our BMS Policy. Promotions were stopped.	Interaction with General Public (BMS Policy Art. 3).	1 day

SUBSTANTIATED ALLEGATIONS CONCERNING ACTIVITIES BY NON-CONTRACTED THIRD PARTIES (167)

Number of allegations	Category	Summary of allegation	Summary of corrective actions	General time frame of response
167	Interaction with General Public (BMS Policy Art. 3).	Discount and promotion of Covered Products in traditional and online channels.	In all 167 allegations third parties were informed that such promotion is not permitted and in most cases promotions were stopped. We reiterated to the third party our commitments and the importance of compliance with our BMS Policy.	< 4 weeks



DANONE
ONE PLANET. ONE HEALTH