



# TAX TRANSPARENCY

REPORT 2023



**DANONE**  
ONE PLANET. ONE HEALTH

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# CONTEXT & CHALLENGES

**“Corporate responsibility does not end at the factory gate or the office door,” these famous words were pronounced by former Danone’s CEO, Antoine Riboud, during his groundbreaking 1972 speech in Marseille. This marked the birth of Danone’s dual commitment: business success with social progress.**

With its mission “Bringing health through food to as many people as possible”, Danone bears the responsibility of contributing to the common good through its brands. With the aim of fostering a more equitable and sustainable society, matters related to taxation must be exemplar.

Through the publication of its third Tax Transparency Report, Danone is proud of its continued commitment in sharing information regarding tax with the public. With this Tax Transparency Report Danone marks its belief in transparency on for example our approach to tax and on our tax contribution across the globe. Danone started its tax transparency journey in 2016 with the publication of its tax policy. In bringing this policy to life, we begun reporting our worldwide tax contribution in 2019.

Since 2021, Danone is collaborating alongside other multinationals within the association B Team to promote responsible tax principles. Adopting these responsible tax principles is a crucial step in Danone’s commitment to establishing a new and ambitious standard on responsible tax behavior.

Danone’s endorsement signals the importance of responsible tax behavior as a crucial part of a sustainable way of doing business and is consequently working towards B Corp certification at global level by 2025 becoming the world’s largest B Corp.

A commitment that holds the company accountable to all stakeholders.



**Jürgen ESSER**  
Group Deputy CEO,  
in charge of Finance,  
Technology & Data





# RENEW DANONE STRATEGY

## Strong full-year results, consistently delivering on Renew Danone

2023 was a year of consistent progress and strong delivery against our Renew Danone agenda. We put science back at the heart of what we do and further tied sustainability to business performance. We made significant progress in sharpening our portfolio.

We further invested behind our brands, our innovations, and our capabilities, progressively improving the quality of our growth, while creating value for all stakeholders.

In a context which remains challenging, the progressive improvement of our volume-mix, turning positive in Q4, the visible progress made by EDP Europe, and the continued strong momentum of our Medical Nutrition activity are encouraging signs, even if lots remains to be done. Building on the positive momentum of 2023, we are starting this new financial year with confidence in our Renew strategy. We will continue to focus on consistent execution and delivery.

We will keep progressively improving the resilience of Danone, further equipping it with the skills, science, and tools it needs to be future fit.



**Antoine de Saint-Affrique**  
Danone Chief Executive Officer

# DANONE IMPACT JOURNEY

## A CONSISTENT, DEEPLY ROOTED AND RENEWED SUSTAINABILITY JOURNEY

Danone’s sustainability journey started long ago. In 1972, Antoine Riboud, then Chairman of the Group, publicly stated that the responsibility of a business goes beyond its factory doors, positioning Danone as a pioneer and visionary in the field of corporate responsibility. This philosophy set the base for Danone’s dual economic and social project. This dual project has been at the heart of Danone’s ways of working and decision-making ever since, based on a simple but powerful idea: long-term economic performance cannot exist unless there is a positive impact on society.

Building on this heritage, over 15 years ago, Danone defined its mission as a Group: bringing health through food to as many people as possible. Going further, Danone started a process in 2015 to become a B Corp globally and in 2020 it became the first listed company to adopt the Société à Mission status, created by the French “PACTE” law in 2019.

In March 2022, Danone unveiled a new strategic plan, “Renew Danone”, with the ambition to reconnect Danone with a sustainably profitable growth model, underpinned by greater alignment between purpose and performance. In this context, in February 2023, the Group reframed its sustainability roadmap - the Danone Impact Journey - which is built on three key pillars:

- Recognizing the importance and co-dependence of Health through Food, Nature, and People & Communities;
- Hardwiring sustainability into the business, from a strategic, operational, and financial perspective.
- Putting impact, and Danone’s ability meaningfully impact the food system and the ecosystems it operates in, at the heart of what the Group does.

For each of these pillars, the Group defines a set of priorities, which are translated into mid- to long-term objectives.



# KEY FINANCIAL FIGURES 2023

<b>+7.0%</b> ORGANIC SALES GROWTH	<b>+142 bps</b> MARGIN FROM OPERATIONS	<b>97 bps</b> REINVESTMENT
<b>+3.4%</b> RECURRING EPS	<b>€2.6 bn</b> FREE CASH FLOW	<b>€2.10</b> DIVIDEND PER SHARE
<b>AAA <sup>(a)</sup></b> AWARDED BY CDP FOR THE 5 <sup>TH</sup> YEAR IN A ROW	<b>83%</b> SALES COVERED BY B CORP <sup>TM</sup> CERTIFICATION	<b>89%</b> SALES IN VOLUMES RATED >3.5 STARS BY THE HEALTH STAR RATING SYSTEMS

(a) Scores obtained as part of the CDP Climate change, CDP Water security and CDP Forests questionnaires

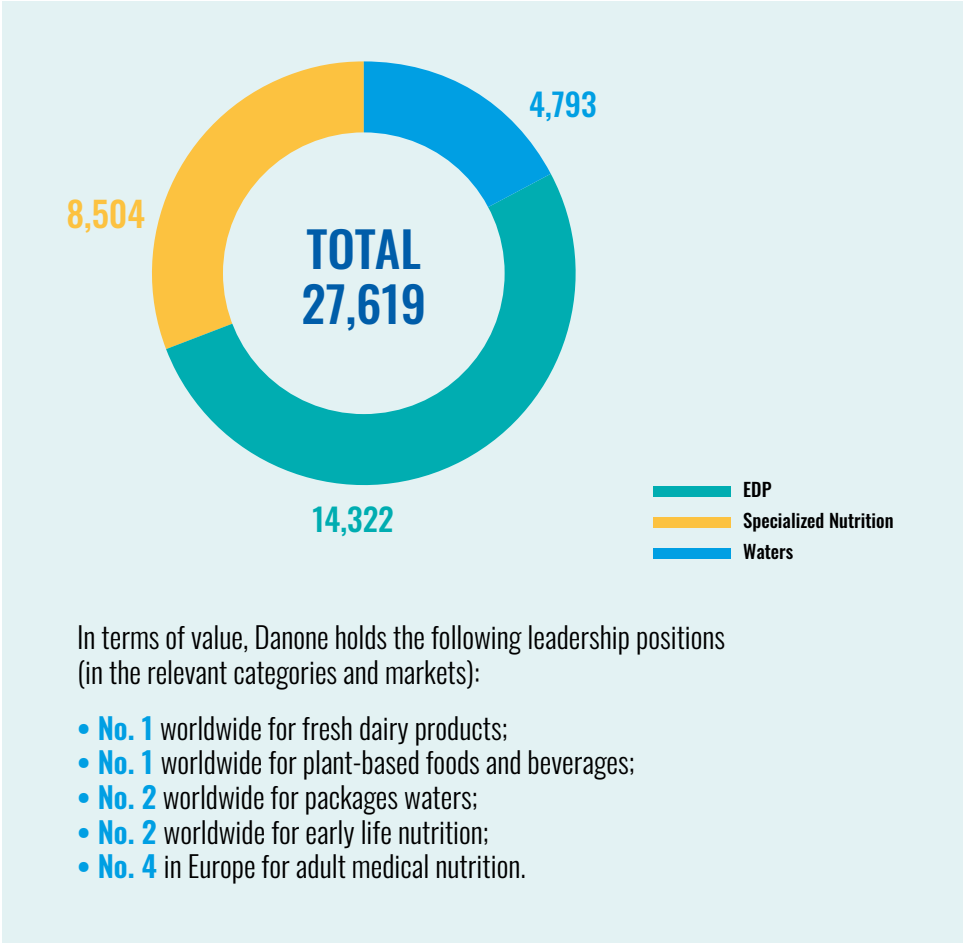


# KEY FINANCIAL FIGURES

## ACTIVITIES

Danone operates in growing, healthy and on-trend Categories of the food and beverages sector:

- **Essential Dairy & Plant-Based** (EDP) products (52% of the Group's Sales in 2023) – Essential Dairy mainly includes yogurts (classic and drinkable), coffee creations (coffee creamers and ready-to-drink coffee beverages) and desserts. Plant-based products mainly include plant-based beverages and plant-based alternatives to yogurts, but also new categories (plant-based ice creams, frozen desserts, coffee drinks and cheese).
- **Specialized Nutrition** (31% of the Group's Sales in 2023) – covering formulas and complementary feeding for babies and young children, as well as food for special medical purposes for children and adults. The medical nutrition for children includes nutrition products designed to meet specific needs of children diagnosed with certain medical conditions (in particular certain allergies). The portfolio of adult medical nutrition includes oral nutritional supplements for patients suffering from malnutrition caused by illness as well as tube feeding for patients who can no longer feed themselves normally.
- **Waters** (17% of the Group's Sales in 2023) – which includes plain water, flavored water and functional beverages.

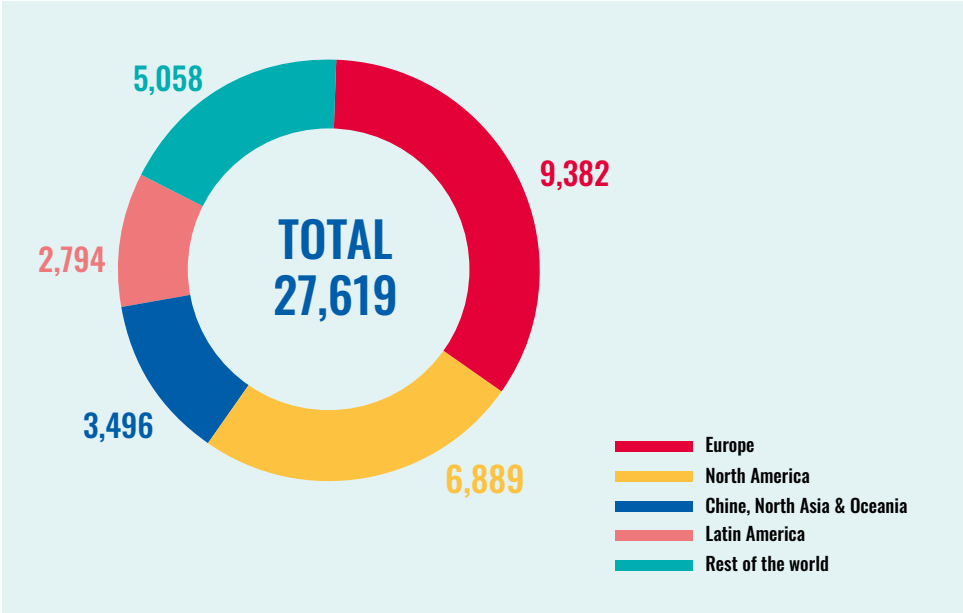


# KEY FINANCIAL FIGURES

## MAIN MARKETS

Danone operates in 5 geographical zones :

- **Europe** represented 34% of the Group's Sales in 2023, with France, Spain, Germany and the United Kingdom being the largest markets. Europe covers all Categories, from EDP to Waters and Specialized Nutrition.
- **North America**, which represented 25% of the Group's Sales in 2023, includes the United States and Canada. The largest businesses are Essential Dairy, including yogurts, milk and coffee related products, and Plant-based products. Danone is also present in Specialized Nutrition and Waters.
- **China, North Asia & Oceania** represented 13% of the Group's Sales in 2023. The zone's biggest country is China, where Danone enjoys strong leadership positions in Infant Formula, Medical Nutrition and Waters. The zone also includes Japan, where Danone sells Essential Dairy & Plant-Based products, as well as Australian and New Zealand for Specialized Nutrition.
- **Latin America** represented 10% of the Group's Sales in 2023, with the largest contributors being Mexico, Brazil and Argentina.
- **The Rest of the World** represented 18% of the Group's Sales in 2023. The zone notably includes :
  - **Asia Pacific**, where the leading country is Indonesia
  - **Africa and the Middle East**, where the largest markets are Turkey and Morocco





# DETAILED TAX CONTRIBUTION

Effective Tax Rate	10
Total Tax Contribution	11
Focus on Main Countries	15



# EFFECTIVE TAX RATE

For a given tax year, the Effective Tax Rate corresponds to the sum of taxes (due and deferred) of the Company and its consolidated subsidiaries, divided by the Company’s profit before tax as determined based on applicable accounting consolidation rules. The Effective Tax Rate (“ETR”) of Danone is higher than the statutory corporate income tax in France, where Danone is headquartered. The difference between the consolidated ETR of Danone and the French corporate income tax rate (25.83% for fiscal year 2023, including corporate income tax surcharges) is reconciled in the Danone’s Universal Registration Document (Note 10.1 of the Annexes to the Consolidated Accounts). In this respect, Danone’s ETR reflects the statutory corporate income tax rates of the countries in which we operate.

For 2023, Danone’s worldwide consolidated amount of corporate income taxes amounted to 768 million euros. This represents an ETR of 45.6% in 2023 (as compared to 42.4% in 2022). The increase is primarily driven by the effects of the deconsolidation of Russia EDP and the effects of selling the organic dairy activities in the US under the Horizon Organic and Wallaby brands.

## Income before tax and tax expense

(in € millions, except tax rate in percentage)	31/12/2022	31/12/2023
<b>Income before tax</b>	<b>1.832</b>	<b>1.866</b>
Current tax (expense) income	(738)	(814)
Deferred tax (expense) income	(40)	(46)
<b>Current and deferred tax (expense) income</b>	<b>(778)</b>	<b>(768)</b>
Effective tax rate	42,4%	45,6%
Amount (paid) received during the year	(716)	(730)

## TAX PROOF

### Difference between the effective tax rate and the 25.83% country tax rate in France

(in percentage)	Notes	31/12/2022	31/12/2023
<b>Country tax rate in France</b>		<b>25,8 %</b>	<b>25,8 %</b>
Differences between French and foreign tax rates (a)(b)		(3,6) %	(1,8) %
Tax on dividends and royalties		3,6 %	4,4 %
Permanent differences		3,3 %	1,7 %
Tax loss carryforwards (c)	10,3	9,0 %	4,9 %
Tax rate adjustments and unallocated taxes (d)		(1,3) %	(0,6) %
Impact of capital gains and losses on disposal and asset impairment		6,1 %	11,3%
Other differences		(0,4) %	(1,3) %
<b>Effective tax rate</b>		<b>42,4 %</b>	<b>45,6 %</b>

(a) Foreign tax rates corresponds to various countries, none of which generates a significant difference with the country tax rate in France.

(b) Includes the impact of difference between French and foreign tax rates on capital gains and losses on disposal and asset impairment.

(c) This comprised the impacts of the non-recognition and impairment of the deferred tax mainly in Latin American countries and France in 2023, as well as in 2022..

(d) In 2023, this mainly relates to the non-deductibility of goodwill impairments and the recycling of the cumulative translation adjustments related to EDP Russia following the deconsolidation (see notes 3, 4 and 11.2 to the consolidates financial statements).

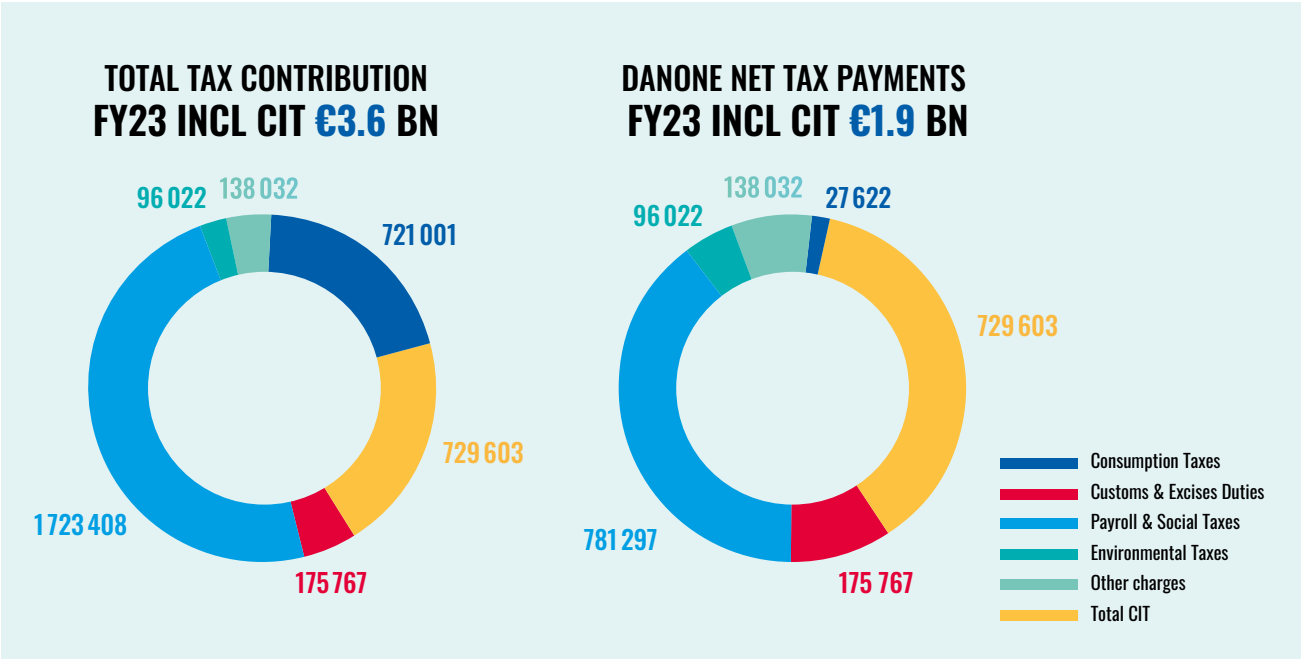
# TOTAL TAX CONTRIBUTION

As a multinational located in many jurisdictions, Danone is committed to take its responsibility to pay its share of taxes in the host countries of its operations.

The Total Tax Contribution is a measure of all the taxes that a company pays, whether borne or collected. Tax payments of Danone represent a substantial part of our Company's economic contribution to the countries in which we operate. In addition to corporate income taxes, Danone collects and pays numerous other mandatory (tax) contributions. These contributions include employee taxes and social contributions, sales taxes, environmental taxes, as well as customs duties and local transactional taxes.

In 2023, Danone paid 3.6 billion euros of contributions (including those collected by Danone on behalf of the local tax authorities), among which a net amount of 1.9 billion euros.

The difference between the total amount of mandatory contributions paid by Danone and the net amount of mandatory contributions borne by Danone is made up of the amounts collected by Danone on behalf of the local tax authorities (e.g., social security contributions, collected VAT, income tax of the employees, etc.).



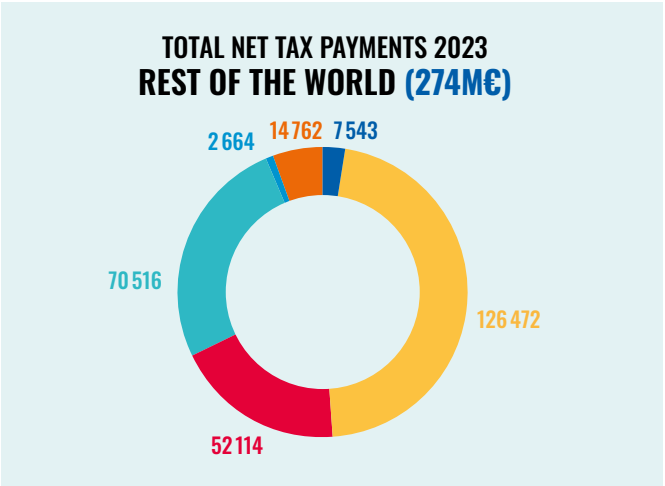
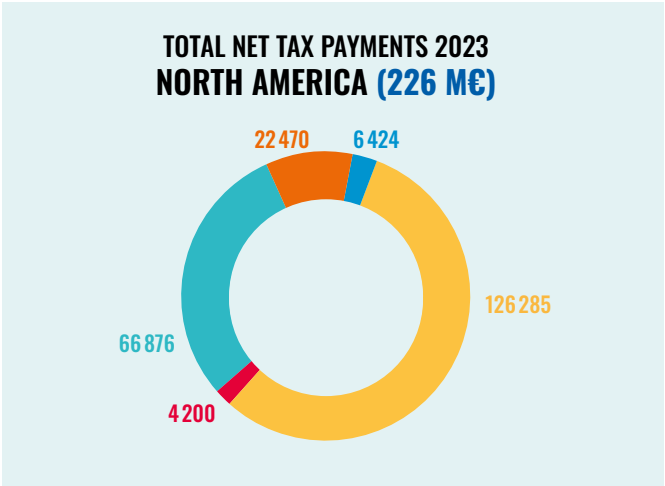
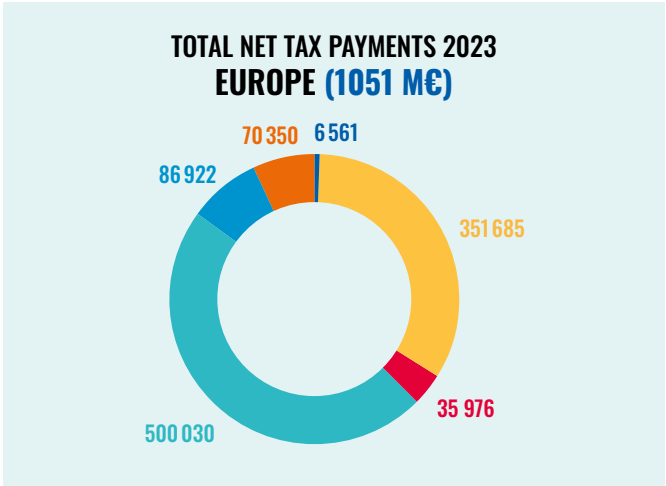
## Different category of taxes in the Total Tax Contribution:

- **Payroll Taxes** refer to all taxes and social contributions in relation to the employment.
- **Corporate Income Taxes (CIT)** are paid in all countries where Danone's operations generate business profits. This may include withholding taxes on dividends, royalties or interests.
- **Customs & Excises Duties** correspond to taxes paid on importations and/or the distribution of specific goods due to their ingredients or classification.
- **Environmental Taxes** mainly relate to taxes and contributions in relation to waste or climate.
- **Consumption Taxes** are mainly consisting of taxes on sales of goods and services.
- **Other Charges** consist of all taxes and levies not corresponding to the above-mentioned categories. It includes for example Real Estate Taxes, Stamp Duties, and Financial Transactions Taxes.



# TOTAL TAX CONTRIBUTION

## THE NET TAX PAYMENTS FOR THE 5 ZONES



- Consumption Taxes
- Customs & Excises Duties
- Payroll & Social Taxes
- Environmental Taxes
- Other charges
- Total CIT

# TOTAL TAX CONTRIBUTION PER COUNTRY

COUNTRY	Total Tax Contribution FY23	Total Net Tax Payments 2023
FRANCE	625 299	403 666
CHINA	455 185	195 196
NETHERLANDS	399 497	268 580
UNITED STATES	330 262	187 700
INDONESIA	216 501	126 328
GERMANY	182 495	36 333
SPAIN	122 063	65 433
MEXICO	105 158	91 267
BELGIUM	103 807	58 449
UNITED KINGDOM	100 053	59 535
POLAND	95 074	47 796
ITALY	83 078	42 040
BRAZIL	68 445	49 955
TURKEY	55 221	18 330
CANADA	54 725	38 612
RUSSIA, FEDERATION	42 575	24 636
ARGENTINA	37 897	21 986
URUGUAY	37 413	18 193

COUNTRY	Total Tax Contribution FY23	Total Net Tax Payments 2023
ALGERIA	37 317	19 761
MOROCCO	36 775	5 043
SWEDEN	25 845	12 670
DENMARK	25 468	9 949
JAPAN	24 530	14 534
NEW ZEALAND	21 265	8 971
UKRAINE	20 641	4 106
HUNGARY	20 332	7 272
SINGAPORE	18 934	18 297
INDIA	18 809	1 225
IRELAND	17 159	4 874
THAILAND	15 046	8 300
OTHER COUNTRIES	186 963	79 306
Total General	3 583 833	1 948 343

# FOCUS FOR MAIN COUNTRIES



## FRANCE

Danone has the highest tax contribution in France, the country where Danone is headquartered and listed. Combining all the business categories together, France is the largest European market in terms of net sales. Danone’s global headquarters generate a high contribution of payroll related taxes and contribution. Also, France hosts the main research and innovation center for the Waters and EDP categories, and there are manufacturing sites and distribution activities in France. In France, the group pays a large range of taxes including corporate income taxes, value added taxes, property taxes, environmental taxes, taxes on payroll and social contributions.

Country	Consumption Taxes FY23	CIT FY23	Customs & Excises duties FY23	Payroll & Social Taxes (on behalf of employees) FY23	Payroll & Social Taxes (paid on behalf of company) FY23	Environmental Taxes FY23	Other Charges FY23	Total Tax Contribution FY23	Total Net Tax Payments 2023
FRANCE	16,956	-17,678	21,235	204,681	313,776	32,544	53,785	625,299	403,666



## NETHERLANDS

Ever since Danone acquired Dutch headquartered multinational “Royal Numico” in 2008, Danone acquired a large footprint in the Netherlands. From this location, Danone’s Specialized Nutrition category known for brands such as Nutrilon and Aptamil is led. The Netherlands also hosts the global research and innovation center for Specialized Nutrition - Danone *Nutricia* Research – as well as several SN manufacturing and distribution sites. Besides these, the Netherlands is home to a procurement organization and there are also distribution activities for EDP for *Danone* and *Alpro* brands.

Country	Consumption Taxes FY23	CIT FY23	Customs & Excises duties FY23	Payroll & Social Taxes (on behalf of employees) FY23	Payroll & Social Taxes (paid on behalf of company) FY23	Environmental Taxes FY23	Other Charges FY23	Total Tax Contribution FY23	Total Net Tax Payments 2023
NETHERLANDS	31,868	224,923	1 702	99,480	28,989	9,718	2,817	399,497	268,580



# FOCUS FOR MAIN COUNTRIES



## CHINA

China is Danone's second largest country in terms of net sales. Danone's business in China mainly focuses on two categories: its Waters category operating under the brand Mizone, and its Specialized Nutrition category where predominantly Danone's international Early Life Nutrition labels such as *Nutrilon* and *Aptamil* are being sold through local sales and distribution organizations. Since a lot of time Danone has also been manufacturing and selling certain medical products in Eastern China, Wuxi. Some years ago, Danone acquired two manufacturing sites: Qingdao in the Northeastern part of China and Changsha, Hunan Province. Through these locations Danone aims to expand its local manufacturing footprint for the Specialized Nutrition category. In China Danone is mainly paying consumption taxes, customs duties, payroll taxes and corporate income taxes.

Country	Consumption Taxes FY23	CIT FY23	Customs & Excises duties FY23	Payroll & Social Taxes (on behalf of employees) FY23	Payroll & Social Taxes (paid on behalf of company) FY23	Environmental Taxes FY23	Other Charges FY23	Total Tax Contribution FY23	Total Net Tax Payments 2023
CHINA	198,087	84,667	29,367	64,719	61,485	1	16,859	455,185	195,196



## UNITED STATES OF AMERICA

Over the years, Danone has grown its American fresh dairy business through brands like *Activia*, *Danimals*, *Light & Fit*, and *Oikos*. The acquisition of WhiteWave Foods in 2017 boosted the Danone's ambition in the North American market as well as its plant-based portfolio through the brands *Silk* and *So Delicious*. Danone also has a presence in the Waters and Specialized Nutrition category. The US now constitutes the first country in terms of net sales. In the US, Danone is paying a large range of taxes, notably federal taxes and state taxes in relation to corporate income tax, sales tax and payroll related taxes.

Country	Consumption Taxes FY23	CIT FY23	Customs & Excises duties FY23	Payroll & Social Taxes (on behalf of employees) FY23	Payroll & Social Taxes (paid on behalf of company) FY23	Environmental Taxes FY23	Other Charges FY23	Total Tax Contribution FY23	Total Net Tax Payments 2023
UNITED STATES	8,423	104,202	3,673	134,197	63,348	-	16,420	330,262	187,700

# FOCUS FOR MAIN COUNTRIES



## INDONESIA

Indonesia represents one of the main Waters businesses of Danone in terms of net sales through the number 1 bottled water brand Aqua. Danone has many water sources, manufacturing, and bottling sites across Indonesia as well as depots from which Danone creates proximity to its customers across the Indonesian archipelago. Danone also has material operations in Indonesia for its Specialized Nutrition business where it locally manufactures and sells under the brand SGM, a brand with long, strong history and heritage going back to 1954. There are also *Nutrilon* and *Bebelac* sales. Danone is mainly paying consumption taxes, payroll taxes and corporate income taxes in Indonesia.

Country	Consumption Taxes FY23	CIT FY23	Customs & Excises duties FY23	Payroll & Social Taxes (on behalf of employees) FY23	Payroll & Social Taxes (paid on behalf of company) FY23	Enviromental Taxes FY23	Other Charges FY23	Total Tax Contribution FY23	Total Net Tax Payments 2023
INDONESIA	75,786	60,323	12,549	14,387	43,654	65	9,738	216,501	126,328



## GERMANY

Germany is a key market in the European zone for Danone with a leading position in all categories. Danone has strong presence in the EDP business with global brands such as Actimel, *Activia*, *FruchtZwerge (Danonino)*. In the Waters category French brands *Evian* and *Volvic* are marketed whereas on the SN side there is a strong position under brand name *Milupa*. In Germany, Danone owns production sites for EDP and SN business and a logistics platform. Danone mainly pays value added taxes, corporate income tax and payroll related charges in Germany.

Country	Consumption Taxes FY23	CIT FY23	Customs & Excises duties FY23	Payroll & Social Taxes (on behalf of employees) FY23	Payroll & Social Taxes (paid on behalf of company) FY23	Enviromental Taxes FY23	Other Charges FY23	Total Tax Contribution FY23	Total Net Tax Payments 2023
GERMANY	86,005	3,301	-	60,416	23,859	8,538	376	182,495	36,333

# FOCUS FOR MAIN COUNTRIES



## SPAIN

In 1919, the first Danone yogurt was created by Isaac Carasso in Spain, which constitutes historically speaking the true origin of Danone. Over the past century, Danone became the market leader in the Spanish fresh dairy category thanks to its iconic brands *Danone*, *Activia* and *Actimel*, that contribute to the importance of Spain for Danone’s business. Danone is also active in Spain through its water brand *Fontvella*, but also in the SN business through *Almiron* and *Nutricia*. In Spain, Danone also owns plants and distributors. All business categories are represented in Spain and locally payroll taxes, environmental taxes, and consumption taxes are being paid there.

Country	Consumption Taxes FY23	CIT FY23	Customs & Excises duties FY23	Payroll & Social Taxes (on behalf of employees) FY23	Payroll & Social Taxes (paid on behalf of company) FY23	Enviromental Taxes FY23	Other Charges FY23	Total Tax Contribution FY23	Total Net Tax Payments 2023
SPAIN	12,056	14,429	-	45,164	30,682	15,769	3,963	122,063	65,433



## MEXICO

Mexico is Danone’s largest Latin American country of Danone in terms of net sales and in terms of taxes paid in that region. The size of the Mexican business is due to a strong position of the EDP business and also the importance of Waters’ sales through the local well-known brand *Bonafont*. In Mexico, Danone is mainly paying a high level of corporate income taxes according to its profit but is also paying payroll taxes and consumption taxes.

Country	Consumption Taxes FY23	CIT FY23	Customs & Excises duties FY23	Payroll & Social Taxes (on behalf of employees) FY23	Payroll & Social Taxes (paid on behalf of company) FY23	Enviromental Taxes FY23	Other Charges FY23	Total Tax Contribution FY23	Total Net Tax Payments 2023
MEXICO	-	23,595	11,932	13,891	47,109	10	8,621	105,158	91,267



# FOCUS FOR MAIN COUNTRIES



## BELGIUM

Danone distributes EDP, Waters and SN products in the Belgium territory. The combination of the three businesses has made Belgium one of the major European countries for Danone. Through the WhiteWave acquisition, Danone now owns the iconic plant-based brand *Alpro* that has a strong position in the Belgium and other European plant-based markets. Danone is mainly paying payroll taxes, excises duties, environmental and corporate income taxes in Belgium.

Country	Consumption Taxes FY23	CIT FY23	Customs & Excises duties FY23	Payroll & Social Taxes (on behalf of employees) FY23	Payroll & Social Taxes (paid on behalf of company) FY23	Enviromental Taxes FY23	Other Charges FY23	Total Tax Contribution FY23	Total Net Tax Payments 2023
BELGIUM	1,876	12,561	3,106	44,132	35,846	5,204	1,082	103,807	58,449



## UNITED KINGDOM

Danone in the UK market has presence in all categories. Danone is leader in the Plant Based market through the brand *Alpro* and in the SN business through *Aptamil* and *Cow & Gate*. The Danone UK dairy business is known for global brands such *Activia* and *Actimel*. Danone also acquired the British waters brand *Harrogate* in 2020 to boost its beverage offering next to iconic French brands such as *Evian* and *Volvic*. United Kingdom has voted an increase of the corporate income tax rate from 19% to 25% as of 2023. In the UK, Danone mainly pays corporate income tax, value added tax, environmental taxes and payroll related charges and contributions.

Country	Consumption Taxes FY23	CIT FY23	Customs & Excises duties FY23	Payroll & Social Taxes (on behalf of employees) FY23	Payroll & Social Taxes (paid on behalf of company) FY23	Enviromental Taxes FY23	Other Charges FY23	Total Tax Contribution FY23	Total Net Tax Payments 2023
UNITED KINGDOM	3,748	34,697	1,918	36,770	15,381	5,121	2,417	100,053	59,535

# FOCUS FOR MAIN COUNTRIES



## POLAND

Danone entities in Poland are leaders in the respective product categories they operate in: in the EDP business through the global brands *Danio*, *Fantasia* and *Actimel*, in Waters business with local brand *Zywiec Zdroj* and in the SN business with brands *Nutricia*, *Nutrimed* and *Stomed*. As a result of also locally producing some of the abovementioned brands, Danone has several production sites in Poland. Danone mainly pays consumption taxes, social contributions, corporate income tax and environmental taxes.

Country	Consumption Taxes FY23	CIT FY23	Customs & Excises duties FY23	Payroll & Social Taxes (on behalf of employees) FY23	Payroll & Social Taxes (paid on behalf of company) FY23	Enviromental Taxes FY23	Other Charges FY23	Total Tax Contribution FY23	Total Net Tax Payments 2023
POLAND	11,191	22,817	1,557	36,357	17,917	3,116	2,119	95,074	47,796



## ARGENTINA

Danone has been operating in Argentina since a few decades through strategic alliances that have been built with local partners to develop its 3 product categories. Danone is the leader in the dairy market with the most recognized local and global brands *Yogurísimo*, *Ser*, *Casancrem*, *Danette* and *Danonino*. Danone also has a presence in the Argentinian SN market which includes a factory that exports to other Latin American countries. In Argentina, mainly consumption taxes, corporate income tax and payroll related taxes and contributions are paid.

Country	Consumption Taxes FY23	CIT FY23	Customs & Excises duties FY23	Payroll & Social Taxes (on behalf of employees) FY23	Payroll & Social Taxes (paid on behalf of company) FY23	Enviromental Taxes FY23	Other Charges FY23	Total Tax Contribution FY23	Total Net Tax Payments 2023
ARGENTINA	16,182	4,479	2,229	5,627	7,416	-	2,429	38,362	22,451

# TAX POLICY

In line with its “dual social and economic project”, Danone is committed to manage its tax policy in a responsible and transparent way. This commitment is in line with Danone’s ambition to achieve “B Corp” certification worldwide<sup>1</sup>, and to meet the highest standards in social and environmental performance, transparency, and accountability.

Guided by this commitment, the tax policy of Danone relies on three key principles.

**PREPARE**  
Ensuring transparent and complete tax compliance 21

**PROPOSE**  
Proposing solutions that are the most relevant for our business 22

**PROTECT**  
Ensuring predictability for the Company 23

<sup>1</sup> B Corp information in section “Tax governance and application of Corporate Social Responsibility (CSR) standards”





# PREPARE

## ENSURING TRANSPARENT AND COMPLETE TAX COMPLIANCE

**The first objective of the Danone tax policy is to ensure that the Company and its subsidiaries comply with all local tax regulations and laws wherever Danone operates. It means that all tax returns required by law or regulations are filed in time and all taxes are paid accordingly.**

In relation to cross-border transactions, Danone applies the OECD standard and ensures that the transfer pricing policies implemented within Danone respect the “arm’s length principle”<sup>2</sup>. It is part of the mission of the Danone Tax Department to define the transfer pricing policies of each business and to carefully control their correct application within Danone. Also, Danone prepares a Country-by-Country Report, following the international guidelines which is submitted to the French tax authorities each year.

For Danone, cross-border transactions consist mainly of royalty payments for the remuneration of the intangibles owned centrally, management fees for the remuneration of services provided by the French or regional headquarters or locally by shared service centers, payments of interests for financing and payments for raw materials and finished products. Those cross-border transactions are documented in each country and are fully disclosed to the local authorities whenever required.

<sup>2</sup> In order to avoid artificial transfer of profits, the so-called « arm’s length principle » aims at setting the price of intragroup transactions within multinational groups as if they were carried out between independent parties.

Finally, on a consolidated basis, Danone supervises the overall amount of corporate income taxes paid by Danone on a worldwide basis. Danone is fully committed to transparency towards local tax administrations.



# PROPOSE

## PROPOSING TAX SOLUTIONS THAT ARE THE MOST RELEVANT TO THE REALITY OF OUR BUSINESS

**The tax department of Danone monitors the tax situation of the group according to the reality of Danone's activities and ensures that the most relevant options are implemented when available according to local laws and regulations.**

The mission of the Danone Tax Department also encompasses the monitoring of the payment deadlines for all taxes to ensure an optimized management of the cash.

Due to the complexity of the various tax systems all over the world, multinational groups very often face situations of “double taxation” when the same economic profit is taxed in two different jurisdictions. As part of its mission, the Danone Tax Department seeks to mitigate such situations of “double taxation” by relying on the good application of the tax treaties signed by the countries where Danone operates. When it is necessary, Danone is willing to open mutual agreement procedures that allow competent authorities to interact with the intent to resolve international tax disputes.

The Danone Tax Department is organized through a corporate team and local professionals working closely with the operations. The Tax Department is in charge of assisting the business in the development of the operations and contributes to the implementation of the most efficient organization. When proposing tax solutions, the Danone Tax Department is committed not to implementing aggressive tax planning schemes that would be disconnected from the conduct of the business or to enter into artificial tax planning arrangements.

In accordance with its social responsibility, Danone also contributes to the public debate. In the field of taxation, Danone regularly participates in consultations initiated by governments, tax authorities and international organizations to help progress towards more effective tax policies (e.g., OECD / IF's Pillar One & Two initiatives). In that sense, Danone notably provides input to governments and international organizations about potential impacts of tax changes to the economic environment.



# PROTECT

## ENSURING PREDICTABILITY FOR THE COMPANY

**Finally, the tax policy of Danone aims at providing financial visibility and mid-term projections for the Company.**

In this perspective, the Danone tax department constantly monitors proposed draft legislations around the world, so as to anticipate the financial consequences of tax law evolutions. Besides, Danone regularly reviews areas of tax risks, which may result from potential challenges of the Company's tax positions by local tax authorities.

In order to minimize the risks of potential tax disputes, the Danone Tax Department is encouraged to engage proactively with local tax authorities whenever possible. In addition, Danone tax professionals are committed to exchange information with tax authorities in a cooperative and transparent manner.

However, situations may still arise where the positions of the Company are challenged by local tax authorities. Disagreements with tax administrations may result from divergent interpretation of local or international tax provisions. In addition, jurisdictional conflicts may lead to challenges regarding the appropriate country in which a specific item of profit shall be taxed.

As a result, Danone manages tax audits that may be initiated anywhere in the world where the Company operates its business.

An important mission of the Danone Tax Department is to ensure that all technical questions of the local tax administration are answered in due time. In order to monitor tax audits and potential tax risks, Danone Tax Department put in place an internal process called Tax Risk Mapping (TRM). When necessary, Danone put in place specific processes to ensure good application of tax regulations (i.e., DAC 6 in the European Union). In certain cases, the protection of the Company's interests may lead to litigation. The Danone Tax Department is then in charge of following up on litigation processes initiated locally.

**On March 14<sup>th</sup>, 2019, Danone signed a partnership agreement with the French tax authorities as part of the “Confiance Plus” program, which aims at developing transparency, trust and collaboration between taxpayers and the French tax administration.** As part of “Confiance Plus,” Danone maintains a continuous and transparent dialogue with French tax authorities on its French and international tax matters. This partnership is a natural fit with Danone's tax policy, which aims above all to ensure the compliance of our company with the applicable tax provisions and to ensure the security of our technical positions.

**In the Netherlands, Danone has been in a relationship of mutual trust and transparency with the Dutch Tax Authorities since 2011 where it agreed on voluntary basis to a relationship of “Horizontal Monitoring”. Since 2020, Danone is under an “Individual Monitoring Plan” (IMP), now technically required for Danone as it is a top 100 taxpayer in the Netherlands.**

This IMP is considered the evolution of Horizontal Monitoring and is based on a joint risk assessment where the Dutch Tax Authorities and Danone on a regular basis discuss and assess the quality of risk control measures and discuss tax, business or other relevant developments. Transparency is still at the core of the relationship. The taxes covered under the ITP are VAT, CIT, and Wage tax.

**These partnerships are a natural fit with Danone's tax policy, which aims above all to ensure the compliance of our company with the applicable tax provisions and the correctness of our technical positions.**

# TRANSPARENCY ON RECURRING QUESTIONS

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# CODE OF CONDUCT

## GUARANTEE ON DANONE'S TAX REPUTATION



Danone's Tax Code of Conduct aims at setting out the principles which guide our actions and decisions as members of the B Team. This Code details the guiding principles that Danone's tax teams may know and apply. Obviously, the principles set out below are general and may not be directly applicable to a given specific situation, considering especially the diversity and complexity of circumstances that may arise. But every given situation must be examined in the light of those directing principles, which shall constantly guide our decision-making process in relation with tax matters.

### OUR TAX CODE OF CONDUCT TOWARDS THIRD PARTIES

In our dealings with third parties, our attitude shall be open and transparent. Towards the public, we strive to explain our tax policy, while protecting the confidentiality of strategic business information. Towards the tax authorities, we take a cooperative approach within the framework of our regulatory obligations.

### COMMUNICATION TOWARDS THE PUBLIC

Tax is a key challenge for the budget of States and a topic of interest to all citizens. Despite its complexity, the taxation of corporations must therefore be subject to explanations. While preserving the confidentiality of business information which may affect their competitiveness, corporations shall communicate on tax matters. As a listed company, Danone reports its consolidated corporate income tax charge on an annual basis. Reported corporate income tax figures are audited by Danone's external auditors and therefore constitute a reliable and publicly available piece of information. In addition, we are striving to initiate new processes aiming at increasing reported data linked to the distribution of our consolidated corporate income tax charge, with due regard to confidentiality of strategic data.

In addition, we are committed to publish the Danone Tax Policy each year, and to describe our guiding principles in relation with tax matters.



# CODE OF CONDUCT

## GUARANTEE ON DANONE'S TAX REPUTATION



### TRANSPARENCY AND COOPERATION IN OUR DEALINGS WITH TAX AUTHORITIES

We are committed to communicate with the local tax authorities in a transparent and cooperative manner. We comply with all documentation requirements that are imposed in the various countries where we operate. When possible, from a practical and legal standpoint, we strive to answer the tax authorities' requests. In our dealings with the tax authorities, we try to set up a frank and courteous dialogue, with a cooperative mindset. During tax audits taking place at our premises, we make available to the tax administrations the materials resources required for the conduct of their mission.

Furthermore, we are committed to contribute to the open debate relating to corporate taxation. We participate, directly or through professional associations, to public consultations initiated by governments, tax authorities and international organizations, with the objective to support the development of effective tax policies.

### CONFORMITY IN OUR DEALINGS WITH PUBLIC AGENTS

In our dealings with public agents, we strictly comply with the Danone's Code of Business Conduct and the Danone's Integrity Policy. Amiable settlements that may be concluded with tax administrations to extinguish tax disputes shall be entered in compliance with local rules and regulations. Discussions initiated with tax administrations with the objective to settle tax disputes shall be conducted with qualified public officials and fully disclosed to their hierarchy. Those discussions shall never give rise to any monetary compensation or other benefits in kind.

# CODE OF CONDUCT

## GUARANTEE ON DANONE'S TAX REPUTATION

### OUR TAX CODE OF CONDUCT TOWARDS THE DANONE COMPANY

When conducting our missions, we constantly keep in mind that we work for Danone's global success. In that sense, our tax decisions are made with due regard to Danone's strategic and operational objectives. We treat our Danone colleagues like internal clients and provide them with our technical support.

#### ALIGNMENT WITH DANONE'S STRATEGY

The management of Danone's tax affairs shall not be disconnected from the Company's strategy. When making tax decisions, we consider the global impact for Danone, not only financial efficiency. We may opt for solutions that are advantageous from a tax standpoint, but only to the extent that they do not contradict Danone's mission and strategy.

In addition, we make our expertise available to support projects connected to the pursuit of the Danone Dual Project. We contribute to those projects whenever required and engage actively in their implementation.

#### SUSTAINABILITY OF TAX SOLUTIONS

We make sure that the most relevant tax options are elected for in accordance Danone's business and with applicable laws and regulations. Within that framework, we favor sustainable solutions and do not retain short-term options to the detriment of long-term perspectives. Our tax recommendations shall be aligned with the reality of Danone's operations and the objectives pursued by Danone's activities.

We are committed not to implementing aggressive tax strategies that would be disconnected from Danone's operations or to setting up artificial tax schemes.

#### OPENESS AND TRANSVERSALITY

We contribute to establishing a collaborative approach within the various departments of Danone. We encourage that collaborative spirit by describing our missions and projects in a clear manner, and we do not confine ourselves to an expert position. We take every opportunity to spread a culture of tax compliance within Danone, especially by explaining our missions to the other departments and operational people.

We show conviction and are able to communicate effectively with non-tax people. We treat our Danone colleagues as internal clients and provide them with our technical support.

#### IMPLEMENTATION OF THE DANONE TAX POLICY

In all countries, we embrace the guiding principles set out by Danone in relation to tax matters and we apply the Danone Tax Policy. Any decisions having a material impact on the local tax position are systematically discussed with the Corporate Tax Team. The members of the Danone Tax Team proactively report any option, decision or scheme which may potentially deviate from the Danone Tax Policy

In 2022, Danone implemented a new online training regarding Danone tax policy that will be proposed to all newcomers. The Corporate Tax Team also organizes regular internal training and webcast to ensure correct application of the group tax policy. All newcomers in the tax department can have access to the Tax policy, the Tax code of conduct, the Tax Transparency report as well as individual onboarding sessions at any time.

# FOCUS ON SPECIFIC LOCATIONS

Even though there is no universally agreed definition of a “tax heaven,” Danone has chosen to voluntarily share information about its presence in locations that may be questioned because of certain tax characteristics such as a low corporate tax rate. It should at the same time be highlighted that the presence of an entity in a low tax jurisdiction is not necessarily linked to tax purposes. Danone applies B Team’s Responsible Tax Principles number 3 in its business structure meaning that Danone does not use so-called “tax heavens” to avoid taxes on activities which materially or economically take place elsewhere. Every year, Danone publishes a list of subsidiaries on its website.



## HONG KONG, CHINA

Danone has several holding entities in Hong Kong that were mainly inherited through past acquisitions, one being WhiteWave Foods. Danone is in the process of winding down these entities. Danone also performs distribution activities in Hong Kong for the SN category under international labels such as Cow & Gate and Aptamil.



## HUNGARY

Hungary constitutes a usual place of business in Central Europe for Danone’s EDP and SN businesses.



## IRELAND

Ireland constitutes a usual place of business for Danone’s EDP and SN businesses. Ireland also is an important place of production and packaging for the SN business with two sites in Macroom and Wexford.



## LUXEMBOURG

Most of Danone’s Luxembourg legal entities are a legacy from the WhiteWave Foods acquisition in 2017. Danone has initiated several projects during the past few years that have led to the liquidation of most of these entities. Danone also owns a reinsurance company in Luxembourg for operational risks.



## SINGAPORE

Singapore is Danone’s regional headquarters for the Asia-Pacific region including the Middle East and provides procurement activities. Singapore also has R&D facilities housed in the Precision Nutrition D-Lab. Singapore plays a key role in the acquisitions and divestments, as well as managing partnerships in the region. Danone has initiated several projects during the past few years to close some of its Singaporean entities.



## SWITZERLAND

Switzerland is an operational place of business in Europe for Danone’s EDP, Waters and SN businesses.



## UNITED ARAB EMIRATES

The legal entities established in the United Arab Emirates are mainly entities with distribution activities for the SN business, seeking proximity to customers in the United Arab Emirates as well as in other surrounding countries in the Middle East.



# TAX INCENTIVES

As outlined in Danone's Tax Policy and the Tax Code of Conduct, Danone aims to foster collaborative relationships with tax authorities, emphasizing mutual respect, transparency, and trust. In terms of tax incentives, Danone adheres to B Team's Responsible Tax Principles, specifically number 5 which states that:

- Where Danone accepts tax incentives offered by a government authority to support investment, employment and economic development, Danone seeks to implement these in the manner intended by the relevant statutory, regulatory, or administrative framework;

Danone uses only tax incentives where they are aligned with its business and operational objectives and where they require economic substance;

- Ideally, tax exemptions and reliefs should be specified by law and generally available to all market participants. Where there are exceptions, Danone works with relevant authorities to encourage publication of those incentives and contracts;
- Danone makes data available for governments to assess the revenue and economic impacts of specific tax concessions where appropriate.

## RESEARCH TAX CREDIT IN FRANCE

Danone has established for decades its research activities, especially for EDP and Waters business, in the Parisian region. In February 2023, Danone inaugurated its new Research and Innovation Center on the Paris-Saclay campus. This research center includes laboratories at the forefront of research and pilot production sites for innovation and limited production of specific prototypes.

The site currently employs more than 550 people, including world-class researchers in life sciences, fermentation and intestinal microbiota, nutrition, and health, as well as experts in consumer experience and social sciences, and specialists in product design, packaging, and pilot-scale production.

In France, the tax law allows a tax credit to encourage the research initiatives in the French and EU territory. Danone is benefiting from this tax credit for its investment in research and development (R&D) activities. Danone benefits from this tax credit as the law applies for every company in France.

## INNOVATION BOX IN THE NETHERLANDS

Since 2013, Danone's Research Centre for Specialized Nutrition is located in Utrecht, the Netherlands, at the Utrecht Science Park.

It is a state-of-the-art Life Science innovation center for the development of new product concepts but also for on-going scientific improvement studies to our existing product range for Specialized Nutrition. With over 600 employees, the Utrecht R&I centre delivers evidence-based nutritional solutions to infants, pregnant women, patients, the frail and the elderly. Danone is proud to continue the long and proud history of science for vulnerable people that goes back to 1896.

In the Netherlands, the Innovation Box has been introduced as a general, non-specific measure with the aim to encourage innovation in the Netherlands and the development of intangible property. Subject to conditions, the Innovation Box offers a rate of 9% for qualifying income. Danone meets these requirements and has as such applied for the Innovation Box.

Danone benefits from this regime, in line with applicable regulations and laws of the Netherlands.

# TAX GOVERNANCE AND APPLICATION OF CORPORATE SOCIAL RESPONSIBILITY STANDARDS

Tax governance is embedded into Danone's engagement for a sustainable business model and to Danone's dual project of economic success and social progress. Danone is applying some external tax responsible standards into its tax strategy and tax communication. Tax responsibility is also part of CSR rating agencies concerns. Danone regularly answer to their request on tax matters in a transparent approach.



## BENEFIT CORPORATION (B CORP)

B Corp is a movement of companies established to meet the highest standards of social and environmental criteria using their business as a force for good. Since 2015, Danone has partnered with B Lab to help define a meaningful and manageable path to certification for multinationals and publicly traded companies, as well as accelerate growth of the B Corp movement into the mainstream. This goal is supported by Danone's decision to become a Société à Mission (2020). It is also an expression of Danone's long-time commitment to sustainable business and to Danone's dual project of economic success and social progress. In order to obtain the B Corp certification, Danone has to comply with certain tax requirements including the publication of its Tax Policy and the Effective Tax Rate.



## GLOBAL REPORTING INITIATIVE (GRI)– STANDARD 207 TAX

The Standard GRI-207 is part of the set of GRI Sustainability Reporting Standards (GRI Standards). The Standards are designed to be used by organizations to report about their impacts on the economy, the environment, and society. The standard GRI 207 focuses on the importance of tax as source of government revenue and is central to the fiscal policy and macroeconomic stability of countries.

GRI 207 requires companies to disclose information about their approach to tax, their tax governance including control and risk management as well as the approach of stakeholder engagement. The standard also requires disclosure of financial and tax information on a country-by-country basis where the group operates through the standards GRI 207-4.

Danone is increasing compliance with GRI standards on its sustainable reports and Danone will also prioritize these standards for its tax publications in the next few years.

## THE B TEAM ►

### THE B TEAM - RESPONSIBLE TAX PRINCIPLES

On March 25th, 2021, Danone joined a group of companies endorsing the B TEAM responsible tax principles as a blueprint to evolve its own tax policies and practices while advocating for a fairer and more sustainable global tax system. The B Team has developed a set of responsible tax principles that offer a clear framework for responsible tax practices. B Team's responsible Tax Principles require Danone to include tax as a core part of corporate responsibility and governance, to fully comply with tax legislation of the countries in which Danone operates and to pay the right amount of tax, in the right time, in the right place. The principles are requesting to develop cooperative relationship with tax authorities based on mutual respect, transparency and trust, and therefore to contribute to the development of an effective tax system and legislation around the world. B Team proposes also to provide regular information to our stakeholders, including investors, policy makers, employees, civil society and the general public, about Danone's approach to tax and taxes paid which is of one of the objectives of this tax report. Danone's tax policy and tax code of conduct are deeply inspired by the seven B Team's Responsible Tax Principles.

During the past years, Danone has volunteered before being a pilot for accountability mechanism through a peer review with other B Team members. This initiative shows the willingness of Danone to encourage tax transparency practices.

# TAX GOVERNANCE AND APPLICATION OF CORPORATE SOCIAL RESPONSIBILITY STANDARDS

## EXTERNAL EVALUATIONS

Danone's commitments and achievements regarding its sustainability priorities are externally assessed. The Environmental, Social and Governance (ESG) ratings, which assess us on our overall sustainability strategy (MSCI, Vigeo-Eiris, Sustainalytics...), address mainly financial audience. These assessments include questions regarding the tax policy of Danone. Others non-financial rating agencies assess us on specific topics such as nutrition and health issues (ATNI), climate change (CDP) or gender equality (Bloomberg Gender Equality Index), address a broader scope of stakeholders.

### MOODY'S ESG SOLUTIONS

Danone was last evaluated by **Moody's ESG Solutions** (formerly Vigeo Eiris) in August 2022, as part of the Food sector. With this evaluation, Danone was awarded an overall ESG score of 75/100, considered as "advanced". Danone achieved rank 1/37 in the sector, 4/1616 in the region and 4/4826 in the world.



As of November 2021, Danone obtained a Sector-leader Low Risk Profile for the Food Products industry in the **Sustainalytics** environmental, social and governance (ESG) rating.



Danone maintains a stable rating of AAA (on a scale of AAA-CCC) in the **MSCI ESG** Ratings assessment in 2022. MSCI ESG Ratings aims to measure a company's management of financially relevant ESG risks and opportunities. MSCI uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. The ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).



For the fourth year in a row, Danone has been highlighted as a world environmental leader with triple 'A' score given by the international non-profit organization **CDP**, whose disclosure and scoring system is recognized as the leading standard of corporate environmental transparency.

Out of the nearly 15,000 companies scored in 2022, Danone is one of the only 13 companies that achieved a place on the A List for the three environmental areas covered by CDP: climate change, forest preservation and water security. Danone's inclusion once again this year in this A list for each of the three areas is a strong recognition of its environmental actions, and progress towards its ambition of reaching net-zero emissions across its full value chain by 2050.

**Danone also continues to record high performance with other external evaluation agencies.**

# APPENDIX

## METHODOLOGY

### 1) DATA USE FOR THE REPORT

The data included in the section *Key Financial Figures* and *Effective Tax Rate* are sourced from the system use for the consolidation of Danone's financial statements. Danone entities report their financial performance IFRS standards. The same source of data is used in the Universal Registration Documentation (URD). The consolidation system is also used to collect the data reported in the section *Total Tax Contribution*, without a direct link in the system with the packages used for annual consolidated financial statements. Danone's tax department sets an internal process to insure the collection of the total contribution.

### 2) SCOPE OF THE ENTITIES IN THE REPORT

The data used in the Report includes all fully consolidated companies under the IFRS standards. The report excludes companies consolidated under equity method. Permanent establishments (PE) and branches are reported in the country of activity of the PE or branch.

### 3) TAX DATA IN THE REPORT

This report is not audited by external auditors. However, the data included in the section *Key Financial Figures* and *Effective Tax Rate* are sourced from the system use for the consolidation of Danone's financial statements, that are audited in light of the publication of annual financial statements. Furthermore, Danone put in place internal process to ensure the accuracy of the *Total Tax Contribution* figures.





# GLOSSARY

## CORPORATE INCOME TAX (CIT)

All taxes that are based on the taxable profits of the company for which the accounting is defined by IAS 12 including current and deferred income tax expenses. The Corporate Income Tax is paid in all countries where Danone's operations generate business profits.

It includes:

- **Current Income Tax**

The income tax due on taxable profits of an accounting period including taxes for the current fiscal year and previous periods.

- **Deferred Income Tax**

The income tax due on temporary differences between accounting values and tax bases for the current fiscal year and previous periods and deferred taxes related to tax losses carried forward.

- **Payroll Taxes**

All taxes and social contributions in relation to the employment.

- **Customs & Excises Duties**

These duties correspond to taxes paid on importations and/or the distribution of specific goods due to their ingredients or classification.

- **Environmental Taxes**

All the taxes and contributions in relation to waste or climate.

- **Consumption Taxes**

All the taxes on sales of goods and services.



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