

This 2023 edition of Danone's Mission Committee is the third of its kind. It builds on the progress made since Danone became a "Société à Mission" according to French law.

In conformity with this law, and as per the now established practice of interaction between the Committee members and Danone's management, it is my privilege to summarize our assessment of both the "talk" and the "walk" of Danone's sustainability commitments as they are developed in detail in our report.

As far as the "talk" is concerned — i.e., the mission-related trajectories, targets, and KPIs we have agreed to retain on health, the environment, and people — our view is that the methodological changes that followed the Company's strategic review are now stabilized. More importantly, these changes have not resulted in decreasing previous levels of ambition, but have actually increased them in some areas, such as children's health or greenhouse gas emissions.

The same goes as far as the "walk" is concerned: the implementation of the above indicators shows results in line with or above targets, e.g., for senior leadership globally identified as women, daily access to safe drinking water, or human rights. It should be noted that this appraisal is based on numbers which have not been audited in 2022 because of some rebasing and the change of the "independent third party," which will be done in 2023.

The four following short remarks complement the above positive assessment of Danone delivering on its "Société à Mission" duties and give a fuller picture of our work.

The Committee:

- has discussed with Danone's management how the "Société à Mission" commitments fit in with the larger spectrum of targets retained by the Company's newly adopted "Danone Impact Journey." We agreed to review their alignment over the course of this year.
- has welcomed the ongoing changes intended to more closely integrate the sustainability part and the operational part of the organization, which should result in more impactful missions, as recommended in our 2021 report.
- has been kept informed of developments in both countries following last year's invasion of Ukraine by Russia.
- has noted the legal dispute initiated by a group of NGOs against Danone about its plastics policy and will attentively follow its developments.

Like last year, let me conclude this foreword by:

- assuring Danone's shareholders and stakeholders that the Mission Committee remains determined that Danone's sustainability journey remain both ambitious and achievable, and that its signposts are duly reported, monitored, and assessed according to legal prescriptions.
- thanking my Committee colleagues as well as Danone's teams for their hard work and for the cooperative spirit of our dialogue all year long.





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DANONE'S PURPOSE AND OBJECTIVES AS A "SOCIÉTÉ À MISSION"

LEGAL FOUNDATION

The French "Société à Mission" status is defined by articles L.210-10 et sq. of the French Commercial Code, introduced by the May 22nd, 2019 law, commonly known as the "PACTE" law. It requires that a company adopting this status:

- → define a purpose ("raison d'être") and write it into the company's by-laws.
- → include in its by-laws social and environmental objectives aligned with that purpose.
- → create a mission committee responsible for monitoring progress made towards achieving these objectives.
- → appoint an independent third party to verify that the mission is carried out.



PURPOSE AND OBJECTIVES

Danone's dual project of pursuing both business success with social progress has given rise to major sustainability commitments and innovations since Antoine Riboud's 1972 speech. In 2020, adopting the "Société à Mission" status was a logical and natural step for Danone. Within this new status, Danone confirmed "bringing health through food to as many people as possible" as its purpose ("raison d'être").

The social and environmental objectives that Danone adopted as a "Société à Mission" (called the "mission") are aligned with the United Nations' Sustainable Development Goals, and cover four themes related to health, environment, social (with Danone's employees), and inclusiveness (referring to engaging with actors and communities within the Company's broader value chain).

The mission statutory objectives are as follows:

- Impact people's health locally with a portfolio of healthier products, with brands encouraging better nutritional choices, and by promoting better dietary habits.
- Preserve and renew the planet's resources by supporting regenerative agriculture, protecting the water cycle, and strengthening the circular economy of packaging across its entire ecosystem in order to contribute to the fight against climate change.
- Entrust Danone's people to create new futures: building on a unique social innovation heritage, give each employee the opportunity to impact the decisions of the Company, both locally and globally.
- Foster inclusive growth by ensuring equal opportunities within the Company, supporting the most vulnerable partners in its ecosystem, and developing everyday products accessible to as many people as possible.



THE ROLE OF THE MISSION COMMITTEE

The Mission Committee is responsible for monitoring the implementation of the social and environmental objectives that Danone adopted as a "Société à Mission" by:

- → monitoring the effectiveness of the actions carried out by Danone within the context of the roadmap defined by the Company to achieve the mission
- → examining the relevance of the actions and key performance indicators (KPIs) of the roadmap to achieve the mission, in particular with regard to their impact on various stakeholders and changes in the Company's ecosystem.
- → presenting an annual report, attached to the management report submitted to the Shareholders' Meeting called to approve the Company's financial statements, on the monitoring of the Company's execution of social and environmental objectives.

The Mission Committee may also share best practices that could be implemented by Danone, propose additional actions, or provide comments or suggestions on the key performance indicators.

It also monitors the performance of its duties by the independent third party, and hears it in order to be informed of the delivery of its duties, the conclusion of its work, its approach to verifying objectives, and any difficulties encountered during the performance of its mission.



MISSION COMMITTEE MEMBERS

The mandates of the members of the Mission Committee have been last renewed by Danone's Board of Directors on April 26, 2022.

The Mission Committee members include, as of the date of this report, independent global experts in sustainable development, governance, the environment, health, and social topics that represent diverse experiences: Pascal Lamy (Chairman), Arancha González, Hiromichi Mizuno, David Nabarro, Ron Oswald, Gabriela Ilian Ramos, Jean-Michel Severino (former member of the Danone Board of Directors), Rajiv Shah, and Emna Lahmer (Danone employee).



PASCAL LAMY
Chair of the Mission Committee
Coordinator of the Jacques Delors Institute
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on the 2030 SDG
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EMNA LAHMER
Danone employee
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JEAN-MICHEL SEVERINO
Former Board Member
of Danone
FRANCE



RON OSWALD
Former General Secretary of the
International Union of Food Workers

UK



ARANCHA GONZÁLEZ
Dean of SciencesPo PSIA
Former Spanish Government's Minister
of Foreign Affairs, European Union
and Cooperation

SPAIN





THE MISSION COMMITTEE'S MAIN AREAS OF FOCUS IN 2022

The Mission Committee supported Danone between September 2020 and March 2021 to set the short-term KPIs for 2021. The Mission Committee and Danone's management then discussed the first draft of Danone's 2025 goals in a collaborative and open manner, including through a series of workshops with Danone's senior experts and management.

In 2022, Danone moved forward by setting measurable, quantifiable KPIs for its 2025 agenda as well as annual trajectories to ensure consistent progress. The Mission Committee supported this process by holding a meeting in March to build on previous discussions, followed by another meeting in July. In November the Mission Committee met with Danone for an in-depth review of selected topics: the KPIs for its three operational objectives related to health, the alignment of Danone's climate action KPIs with its Science-Based Targets initiative (SBTi) certification, the engagements contained within Danone's Human Rights policy, published in December 2022, and a discussion around living wage approaches and best practice.

Danone's 2025 agenda is based on 12 operational objectives, across the health, environment, social, and inclusiveness topics. These quantifiable and impact-based targets are decisive for Danone's "Société à Mission" status. They will be the reference point against which the independent third party and the Company's stakeholders, Mission Committee included, will evaluate the progress and success of its mission.

The objectives are supported by 16 KPIs, with annual milestones starting in 2022, to be monitored every year and each requiring a roadmap with an action and resource plan.

We aligned with Danone on those 12 operational objectives and 16 KPIs. Some of them were very slightly adapted, maintaining the level of initial ambition.

Beyond the guidance of the Mission Committee, Danone also strengthened its governance of its "Société à Mission" project in 2022. Since the "Société à Mission" status was recently introduced into French law, the regulatory and standards environment around it has been evolving quickly, with verification standards emerging recently. Danone sought expert consultant guidance on regulatory and verification requirements to ensure compliance. Conscious of its pioneering role in this area, Danone has shown a strong willingness to share best practice, anticipate demands, and respond to the new requirements.

2022 also marked the appointment of a new independent third party. PwC had reached the maximum duration permitted by law to be a statutory auditor of Danone and was replaced by Mazars at the 2022 shareholders' meeting, following a thorough tender process, under the oversight of the Audit Committee. Given that Mazars is responsible for the regulatory verification of the sustainability reporting in the annual Universal Registration Document starting with the 2022 URD, Danone chose to retain their services as independent third party responsible for monitoring Danone's progress as a "Société à Mission" in order to preserve audit synergies.

The next audit by the independent third party will be published in 2024, verifying Danone's progress towards its 2025 targets. The Mission Committee will make itself available for consultation with the independent third party.

vs. short term agenda



DANONE'S "SOCIÉTÉ À MISSION" AGENDA 2025 TARGETS & PROGRESS TO DATE

2025 AGENDA FOR THE "IMPACT PEOPLE'S HEALTH LOCALLY" MISSION OBJECTIVE

Operational objective

Provide better products for children's health

Positively impact children's health

Enable people to make informed nutritional choices

KPIs and Targets

KPI 1: >95% of volume sold of Dairy and Plant-Based kids portfolio will have have ≤ 10 g total sugars /100g

KPI 2: >95% % of volume sold of formula milks with added sugar: \le 1,25 g/100 kcal for toddlers 1-3 yo milks \le 2,0 g /100 kcal for 4-5 yo milks

KPI 1: 5 projects to address iron deficiency

KPI 2: 3 projects to support women's choice of breastfeeding

>95% of volume sold of Dairy and Plant-Based + Aquadrinks products with on pack/online interpretative nutritional information



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step-change



innovation



In accordance with its mission to bring "health through food to as many people as possible," Danone's portfolio is focused

OBJECTIVE: PROVIDE BETTER PRODUCTS FOR CHILDREN'S HEALTH

2022 milestone delivered, including: Deep country assessment and gap analysis conducted (targets vs. performance)

on food categories and products that support health and well-being. Following our exchanges with Danone, the company developed 2025 health and nutrition targets that build on 2021 achievements and increase ambition with new indicators that are more impact oriented.

Infant and child malnutrition and unbalanced dietary habits are important public health priorities for Danone. As a result, the Mission Committee supported Danone's 2025 targets' focus on children's health and the reduction of sugar, in accordance with World Health Organization recommendations. The goal of reducing sugar in the vast majority of its dairy and plant-based kids' portfolio is notably a Danone Impact Journey target.



2022 was an opportunity to perform a deep country assessment and gap analysis for Danone's Dairy and Plant-Based kids portfolio, as well as formula milks intended for children 1-3 years old and 4-5 years old.

Beyond Danone's kids portfolio, developing impact-oriented projects is critical to supporting children's health in the long term, and can become sustainable and create real systemic change benefiting populations at scale on a country level. For the objective of positively impacting children's health, Danone developed a definition and criteria to qualify "impact-oriented projects" as ambitious, innovative, and socially oriented; aiming to develop a sustainable model for lasting impact; contributing to systemic change; and creating measurable positive health outcomes at scale on a country level. They are typically co-created and implemented with independent expert organizations.

OBJECTIVE: POSITIVELY IMPACT CHILDREN'S HEALTH

2022 milestone delivered, including: Full portfolio review across geographies, impact projects pipeline clarified with 4 prospects identified (2 to address iron deficiency/anemia and 2 to support women's choice of breastfeeding)

Danone performed in 2022 a full review of health initiatives, pilot

interventions, and other projects, new and existing, across different countries to develop an impact project pipeline, which currently includes four projects. Growing this pipeline and nurturing prospects in the coming years will be key to enable the delivery of the targeted five impact projects aiming to support women's choice to breastfeed and three impact projects aiming to address iron-deficiency/anemia.

OBJECTIVE: ENABLE PEOPLE TO MAKE INFORMED NUTRITIONAL CHOICES

2022 milestone delivered, including: Country assessment conducted in more than 70 markets to understand regulatory environment of interpretative labelling in order to drive progress

Lastly, in line with its mission, Danone outlined an objective to enable people to make more informed nutritional choices through interpretative nutritional information for food products. The objective to have more than 95% of the volume of Dairy and Plant Based + Aquadrinks products sold with on pack or online interpretative nutritional information is also a target of the Danone Impact Journey. The company supports all initiatives which aim to better inform consumers and enable them to become actors in favor of their health. Both on-pack and online information, which is sound, clear, and understandable, can help consumers better understand the nutritional value of foods and drinks and make healthier choices.

In 2022 Danone deployed a regulatory assessment in over 70 markets in order to understand the regulatory and political landscape for interpretative information on-pack and online. The company also furthered its review of on-pack information of all its products in markets where the regulatory system permits inclusion of such information, and plans to review online information next.

Across all objectives and for all KPIs, the Company reviewed and adjusted its global reporting systems to prepare the 2022 baseline, which will be audited by the independent third party in 2024.

2025 AGENDA FOR THE

"RENEW AND PRESERVE THE PLANET'S RESOURCES" MISSION OBJECTIVE

Operational objective

Drive climate action across our value chain

KPIs and Targets

Danone's greenhouse gas reduction will exceed 8% (lfl) for our scope 1,2, and 3 emissions (excl. use of sold products) vs. 2022 emissions

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vs. short

term agenda

Make agriculture a solution

30% of key ingredients we source directly will come from farms that have begun to transition to RA



Foster a circular economy of packaging

100% of cups designed for recyclability where formal collection systems exist





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Danone's 2025 environmental objectives are focused on three key priorities: accelerating climate action, supporting the transition to regenerative agriculture (RA), and addressing the challenges around packaging.

OBJECTIVE: **DRIVE CLIMATE ACTION ACROSS OUR VALUE CHAIN**

2022 milestone delivered,
 including: Danone's mid-term 2030
 1.5 C submitted and approved by
 Science Base Targets initiative

In 2022, Danone's climate targets and roadmap were approved by the <u>Science Based Targets initiative</u> (SBTi), an independent partnership which defines and promotes guidelines in emissions reductions and net-zero targets in line with climate science. Danone is among the first companies to have its 1.5°C target approved for Forest, Land and Agriculture (FLAG).

In light of SBTi target approval, Danone's "Société à Mission" 2025 target on greenhouse gas reduction was adapted to reflect the roadmap towards its SBTi 2030 goal – reduction to exceed 8% of like-for-like (lfl) greenhouse gas emissions for scopes 1, 2, and 3 (excluding use of sold products) vs. 2022

emissions. Following approval of its targets and roadmap, Danone's next step is to develop a global roadmap, anchoring these targets in local business strategies and tailoring them to the Danone Impact Journey, combining short-term plans with a view to 2025, 2030, and beyond.



In addition to this, Danone was rated triple A by <u>Carbon</u> <u>Disclosure Project</u> (CDP) for the fourth consecutive time in 2022. The company also launched its Re-Fuel global energy program to drive energy efficiency, resilience, and decarbonization. It has set specific targets to improve energy efficiency by 30% by 2025, to source 100% of electricity and half of all energy from renewable sources by 2030, and to reduce its scope 1 and 2 emissions by a minimum of 42% by 2030.

Since 2017, Danone has been designing and deploying a Regenerative Agriculture Program. Danone has demonstrated how this type of agriculture can ensure a sustainable supply of nutritious food while protecting soils, water, and biodiversity; empowering farmers; and promoting animal welfare. Regenerative agriculture is also a key lever for reducing emissions as part of the company's

1.5C roadmap. In January 2023, Danone was the first food company to target a 30% absolute reduction in methane emissions from fresh milk used in its dairy products, aligned with the Global Methane Pledge, with the support of the Environmental Defense Fund.

In the current economic and geopolitical environment, regenerative agriculture also reduces farms' exposure to volatility of external inputs such as mineral fertilizers. The 2025 target of sourcing 30% of key ingredients such as fresh milk, soy, oats, and almonds from farms that have begun to transition to regenerative agriculture — also a Danone Impact Journey target — is an important step in Danone's overall plan to make regenerative agriculture practices the norm across its dairy farms and ingredient sourcing.



In 2022, Danone focused on harmonizing the monitoring and evaluation of its regenerative agriculture efforts. Through pilot programs in farms in Europe, North America, and Latin America, Danone introduced a digital tool with an improved

survey to collect, report, and analyze information. The tool will facilitate the collection of better-quality data at scale and the development of tailored action plans with farmers. Danone also enriched its open-source Regenerative Agriculture Knowledge Centre with further guidance and best practices from projects in the field. In parallel, Danone continues to actively work with coalitions such as the Sustainable Agriculture Initiative (SAI) Platform, One Planet Business for Biodiversity (OP2B), and with peers to accelerate and scale the transition to regenerative practices in the food and beverage sector, as well as in other sectors relying on agriculture.

OBJECTIVE: MAKE AGRICULTURE A SOLUTION

2022 milestone delivered, including: Regenerative agriculture assessment tool piloted with farmers in Europe, North America, and Latin America

On packaging, Danone continues to actively transform its portfolio towards a circular economy, recognizing that the global packaging system — based on a linear, virgin fossil plastic — must be transformed. The Danone Impact Journey sets out 3 targets: use 100% reusable, recyclable, or compostable packaging by 2030 (from 84% of packaging in 2022); halve the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030, accelerating reused and recycled materials; and lead the development of effective collection systems to recover as much plastic as it uses by 2040.

Creating a real circular economy of packaging requires a system-wide transformation, with policy and industry leadership. There are a number of challenges that can only be addressed by working together, including the underdeveloped collection and recycling infrastructure for

In 2022, Danone successfully transformed two yogurt cup lines from PS to PET plastic in its dairy factory in Bailleul, France. This follows similarly successful pilots in Spain, Belgium, and other countries, which are contributing to Danone's understanding of the process and best practice for future scale up and roll-out.

yogurt cups, the underdeveloped reuse infrastructure, and the scarcity of recycled content. Danone is committed to reducing its packaging footprint and design for circularity, but also to help ensure no packaging ends up in nature by leading the development of collection systems to reuse and recycle packaging in practice and at scale.

In 2022, Danone mobilized efforts to unlock solutions for recyclability of yogurt cups — a key challenge for the company, but also an area where it can have the greatest impact. To achieve its 2025 objective of having 100% of cups designed for recyclability will require collaboration and significant resources. The challenge is not only to transform Danone's packaging, but also to ensure the availability of materials as well as recycling solutions (including operating infrastructure for recycling).

OBJECTIVE: FOSTER A CIRCULAR ECONOMY OF PACKAGING

2022 milestone delivered, including: Transformed 2 yogurt cup lines from PS to PET plastic in its dairy factory in Bailleul, France



2025 AGENDA FOR THE

"ENTRUST DANONERS TO CREATE NEW FUTURES" MISSION OBJECTIVE

Operational objective

Enable Inclusive and engaged workforce to support Danone's Mission and growth

Drive gender equity for Danoners and inspire greater gender balance in our industry

Support Danoners' life-long employability, especially those most at risk

KPIs and Targets

Danoners will feel more empowered and engaged than their peers in similar companies, as measured by Danone People Survey (sustainable engagement above peers)

KPI 1: We will ensure that above 40% of our senior leaders globally identify themselves as women

KPI 2: Close the gender pay gap for all Danone employees in the range of 3 points

KPI 1: 100% of our CBUs with eligible people have proposed Future Skills to employees and/or their representatives and 75% of beneficiaries will have secured their transition to a job of the future, internally or externally

KPI 2: 80% of the Manufacturing Danoners have completed the Digital Literacy module



















innovation

Danone defined three objectives under its agenda to entrust its employees, "Danoners," to create new futures.

OBJECTIVE: ENABLE INCLUSIVE & ENGAGED WORKFORCE TO SUPPORT DANONE'S MISSION AND GROWTH

2022 milestone delivered, including: Danone's Engagement Index was at 86%, 2 points above the FMCG norm

The first is to ensure its employees are empowered and engaged. Among other tools and channels, this is evaluated by the "Danone People Survey" (DPS). The survey focuses on factors such as how much employees believe in the company strategy and how willing they are to recommend the company as a good place to work. The DPS also considers whether employees are enabled to be successful and whether the culture and environment support employee well-being. The scores of the DPS are then compared internally to historical scores, as well as externally to competitors in the same industry and to high-performing companies across different industries. Danone conducted two significant listening exercises among its employees in 2022.

The first was the DPS, which combined employee experience with questions on the company strategy, "Renew Danone." With a 90% participation rate, the "Sustainable Engagement Index" was at 86%, remaining constant since 2017 and two points above peers. In light of the final implementation of the Local First reorganisation, the Mission Committee welcomes these strong results. The results of this survey will not only help Danone track the engagement of its workforce but will also be useful to identify areas and topics where the company needs to pay greater attention or change its approach. As many as 31,000 Danoners volunteered to be part of DPS action squads and help build action plans.

In addition, in 2022, more than 60,000 Danoners from all countries expressed their opinion on Danone's culture in interviews, workshops, focus groups, and a global "Culture Survey." This listening exercise helped Danone gain a clear and fact-based understanding of what are strong aspects of its culture and where it should improve.

Recognizing that diversity brings value, Danone also set itself objectives to drive diversity across its workforce. It focused its 2025 objective on gender equity and gender balance, looking at different business functions and countries, as well as specific populations such as first-line Danoners.

The Mission Committee welcomed Danone's decision to expand the scope of its existing target to close the gender pay gap, ensuring it is in the range of 3 points for Danone employees by 2025. The company will continue to engage with the Equal Pay International Coalition (EPIC) to share and learn from best practices on achieving equal pay for women and men.

Moreover, we recognize Danone's engagement with the measure regarding the proportion of female senior leaders in the company.



In 2022, around 42% of Danone's senior leadership globally identified as women. By working actively to ensure this number remains above 40% in the coming years, the company is committed to promoting at least a 40-60% gender balance in its leadership population. The succession planning carried out in 2022 also put an increased focus on identifying female successors in the pipeline for critical positions at Danone. Danone is working closely with local teams and global functions to develop a more precise overview of gender balance for employees below manager grade.

OBJECTIVE: DRIVE GENDER
EQUITY FOR DANONERS &
INSPIRE GREATER GENDER
BALANCE IN OUR INDUSTRY

2022 milestone delivered, including: Around 42% of Danone's senior leadership globally identified as women



Lastly, Danone's FutureSkills program, launched during the first Covid pandemic, is increasingly relevant as the current economic and geopolitical situation further exposes those who are disconnected from the job market. Danone is progressing further in preparing its employees to have the right set of skills for the jobs of the future. It is also assessing the efficacy and relevance of its FutureSkills program by monitoring the number of beneficiaries having secured their transition. Importantly, the 2025 target for FutureSkills — that 100% of Danone CBUs with eligible people have proposed FutureSkills to employees or their representatives and 75% of beneficiaries have secured their transition to a job of the future, internally or externally — is also a target in the Danone Impact Journey.

OBJECTIVE: ENABLE INCLUSIVE & ENGAGED WORKFORCE TO SUPPORT DANONE'S MISSION AND GROWTH

2022 milestone delivered, including: 100% of Danone CBUs with eligible people have proposed Future Skills to employees or their representatives

In 2022, Danone CBUs with eligible people continued to propose FutureSkills to employees or their representatives. For example, working closely with social partners, the program helped existing Danone employees acquire new skills and competences to accompany the transition of Fulda's Specialized Nutrition plant. In addition, 2022 saw Danone launch a digital literacy module on its e-learning channel Campus X, with roll-out in a few target regions, aiming to reach all pertinent audiences over the next few years.



2025 AGENDA FOR THE

"FOSTER INCLUSIVE GROWTH" MISSION OBJECTIVE

Operational objective

Protect the most vulnerable members of our value chain

KPIs and Targets

80% in procurement spend coverage by Responsible Sourcing due diligence program (excl. raw milk as this is covered by RA)

vs. short term agenda



Provide safe drinking water to those in need

20M people on average were reached daily with safe drinking water by our dedicated Danone Communities fund W2AF and brands partnerships



Be globally certified as a B Corp company Global certification: 95% of employees covered by certification Weighted average score of 80+ points Waters eligibility Danone SA certification





continuity



step-change



innovation

Danone has outlined three objectives for 2025 to foster inclusive growth: protect the most vulnerable members in its value chain, provide safe drinking water to those in need, and be globally certified as a B Corp.

Since 2017, Danone's responsible sourcing RESPECT program continues to strengthen its due diligence and human rights approach, requiring suppliers to register and complete self-assessment questionnaires or be assessed by a third party designated by Danone. Danone also identifies high risk or high priority suppliers to be audited, and, when necessary, supports them in developing corrective action plans. Its link to spend coverage, underpinned by effective due diligence steps, will secure the breadth and depth of Danone's effort in respecting human rights in its tier 1 supply chain.

OBJECTIVE: PROTECT MOST
VULNERABLE MEMBERS OF OUR
VALUE CHAIN

2022 milestone delivered, including: Danone released its
Human Rights policy, confirming its commitment to uphold and strengthen human rights in its value chain in terms of its own operations

but also its suppliers

The publication of <u>Danone's Human Rights policy</u> in December 2022 is a clear sign of the company's commitment to taking a clear stand and furthering its due diligence on this important priority. The policy clearly lays out Danone's responsibilities and expectations, notably in terms of its own operations but also its suppliers'. It is the result of six months of work between the company's different functions, as well as external stakeholders and advisers such as the NGO Shift Project, the leading center of expertise on the UN Guiding Principles on Business and Human Rights.



To ensure that Danoners follow these highest standards in their business practices and engagement with stakeholders, Danone will implement mandatory training for its employees.

OBJECTIVE: PROVIDE SAFE DRINKING WATER TO THOSE IN NEED

2022 milestone delivered: Danone ensured daily access to safe drinking water for 10.6 million people through its dedicated Danone Communities fund and brands partnership

Danone's second inclusive growth objective is focused on access to safe drinking water, which remains a struggle for many people in many parts of the world. Businesses can play a vital role in providing communities in need with access to safe drinking water. The 2025 target is to have 20 million people on average provided with safe drinking water through Danone Communities fund, the Water Access Acceleration fund, and brand partnerships (calculated as an average daily number of people over a year). This target is also a Danone Impact Journey target.

Thanks to increasing investments in impactful social businesses in emerging markets and its brands' engagement, Danone ensured access to safe drinking water for 10.6 million people in 2022. Social businesses supported by the social innovation fund Danone Communities include Impact Water in Nigeria, which facilitated access to safe drinking water for children as schools reopened after Covid lockdowns, and Drinkwell in Bangladesh which opened new water kiosks in Dakha. Moreover, there have been new investments in Kenya and in Vietnam. In Kenya, the immediate objective of the project Maji is to bring affordable, safe drinking water in three peri-urban areas. In Vietnam, Danone Communities is supporting the NGO 1001fontaines to reach low-income consumers through distribution in mom-and-pop stores

and to employees of large factories.

In 2023, just before publication of this report, Danone and Incofin launched the Water Access Acceleration Fund, the first impact fund dedicated to investing in businesses providing safe drinking water and targeting people living on less than \$8 purchasing power parity daily in Asia and Africa. The Fund's first closing was announced in March 2023, reaching \$35 million in commitments, with the objective of reaching total capital commitments of \$50-70 million in subsequent closings. The committed capital comes from anchor investor Danone and a diverse set of private and institutional investors including, among others, DFC (U.S. International Development Finance Corporation), IFU (Investment Fund for Developing Countries), Norfund, BNP Paris, and Aqua For All.

The final statutory objective set by Danone, to achieve global certification as a B Corp Company, is fully aligned with the "Société à Mission" spirit. Indeed, they share the same ambition to make business a force for good and to promote the highest standards for social and environmental performance, public transparency, and legal accountability. Since 2015, Danone has partnered with B Lab to help define a meaningful and manageable path to certification for multinationals and publicly traded companies, and also to grow the B Corp movement.

OBJECTIVE: **BE GLOBALLY CERTIFIED AS A BCORP COMPANY**

2022 milestone delivered, including: Around 75% of Danone's global sales are being covered by B Corp certification

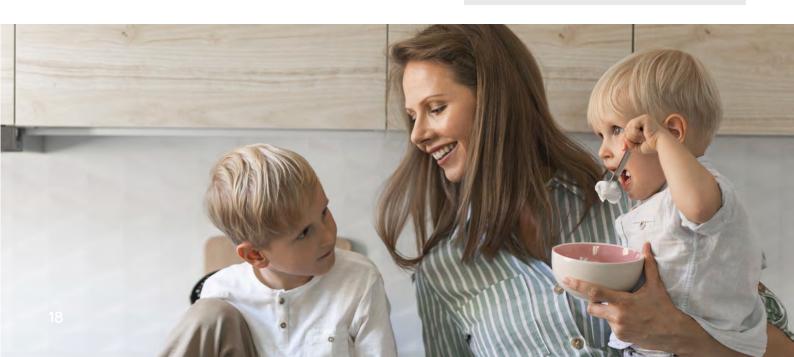
In 2022, Danone, earned an industry-leading score of 68% on the <u>ATNI BMS/CF Index 2021</u>, exceeding the minimum B Corp threshold requirement of 55%, which is part of the new updated standards for companies involved in the marketing of breastmilk substitutes approved by B Lab's Standards Advisory Council.

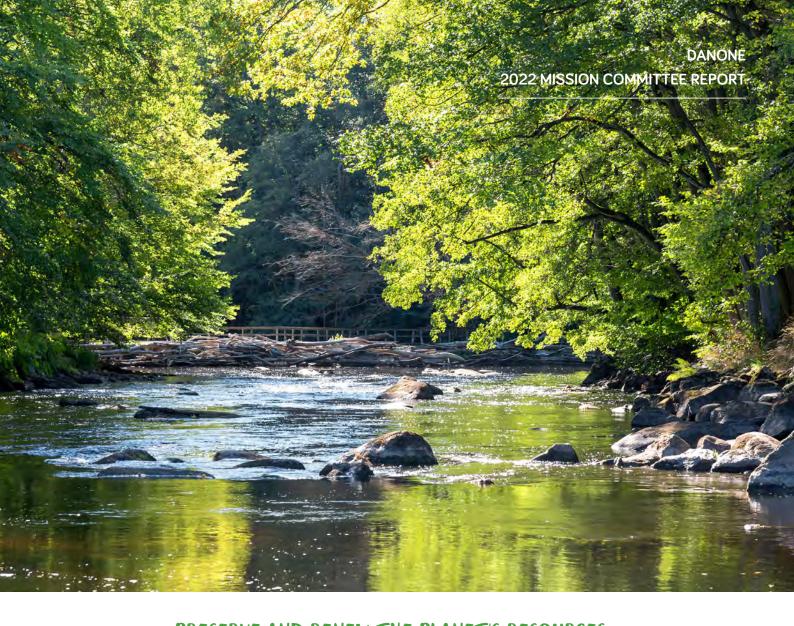
Danone reached a significant milestone in 2022 with around 75% of its sales (74.2%) covered by B Corp certification, a 12% increase from 2021. It is on track to meet its 2025 commitment — an important marker of the company's dual project of economic success and social progress, as recognized in the Danone Impact Journey.



Statutory Objective: **IMPACT PEOPLE'S HEALTH LOCALLY** with a portfolio of healthier products, with brands encouraging better nutritional choices, and by promoting better dietary habits.

vs. short term agenda Operational objective **KPIs and Targets** 2022 key milestone delivered KPI 1: >95% of volume sold of Dairy and Plant-Based kids portfolio will have ≤ 10 g total sugars /100g Deep country assessment and Provide better gap analysis conducted (targets products for children's KPI 2: >95% % of volume sold of formula vs performance) health milks with added sugar: ≤ 1,25 g/100 kcal for toddlers 1-3 yo milks ≤ 2,0 g /100 kcal for 4-5 yo milks Full portfolio review across geographies, impact projects KPI 1: 5 projects to address iron deficiency *** pipeline clarified with 4 Positively impact prospects identified (2 to children's health KPI 2: 3 projects to support women's choice address iron deficiency/anaemia **8** of breastfeeding and 2 to support women's choice of breastfeeding) Country assessment conducted Enable people to make in more than 70 markets >95% of volume sold of Dairy and Plant-1 to understand regulatory informed nutritional Based + Aquadrinks products with on pack/ environment of interpretative choices online interpretative nutritional information labelling to drive progress continuity step-change innovation





Statutory Objective: **PRESERVE AND RENEW THE PLANET'S RESOURCES** by supporting regenerative agriculture, protecting the water cycle, and strengthening the circular economy of packaging across its entire ecosystem in order to contribute to the fight against climate change.

Operational objective	KPIs and Targets	vs. short term agenda	2022 key milestone delivered
Drive climate action across our value chain	Danone's greenhouse gas reduction will exceed 8% (Ifl) for our scope 1,2 and 3 emissions (excl. use of sold products) vs. 2022 emissions	Q	Danone's mid-term 2030 1.5 C submitted and approved by Science Base Targets Initiative
Make agriculture a solution	30% of key ingredients we source directly will come from farms that have begun to transition to RA	€	Regenerative agriculture digital assessment tool piloted with farmers in Europe, North America, and Latin America
Foster a circular economy of packaging	100% of cups designed for recyclability where formal collection systems exist	\$	Transformed 2 yogurt cup lines from PS to PET plastic in its dairy factory in Bailleul, France
		continuity	✓ step-change 🛞 innovation

Statutory Objective: ENTRUST DANONE'S PEOPLE TO CREATE NEW FUTURES: building on a unique social innovation heritage, give each employee the opportunity to impact the decisions of the Company, both locally and globally.

Operational objective

Enable Inclusive and engaged workforce to support Danone's Mission and growth

KPIs and Targets

Danoners will feel more empowered and engaged than their peers in similar companies, as measured by Danone People Survey (sustainable engagement above peers)

vs. short term

agenda

2022 key milestone delivered

0

Danone's Engagement Index was at 86%, 2 points above the FMCG norm

Drive gender equity for Danoners and inspire greater gender balance in our industry

KPI 1: We will ensure that above 40% of our senior leaders globally identify themselves as women

KPI 2: Close the gender pay gap for all Danone employees in the range of 3 points ***

Around 42% of Danone's senior leadership globally identified as women

Support Danoners life-long employability, especially those most

at risk

KPI 1: 100% of our CBUs with eligible people have proposed Future Skills to employees and/or their representatives and 75% of beneficiaries will have secured their transition to a job of the future, internally or externally

KPI 2: 80% of the Manufacturing Danoners have completed the Digital Literacy module ***

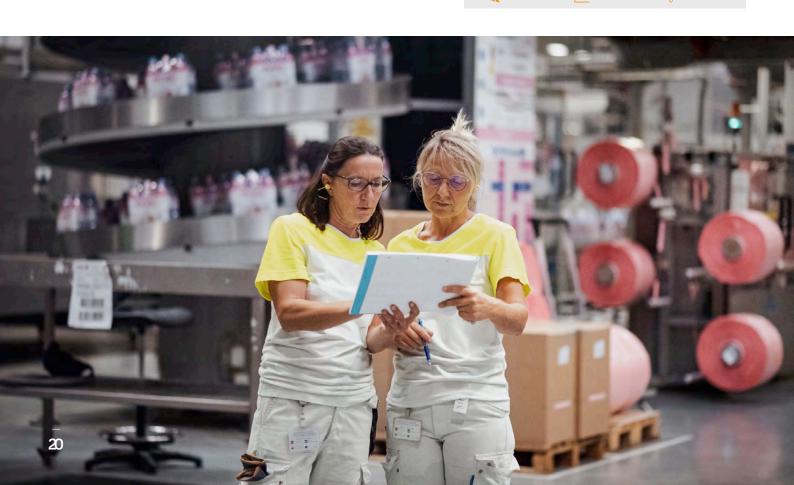
100% of Danone CBUs with eligible people have proposed Future Skills to employees and/

or their representatives



✓ step-change







Statutory Objective: **FOSTER INCLUSIVE GROWTH** by ensuring equal opportunities within the Company, supporting the most vulnerable partners in its ecosystem, and developing everyday products accessible to as many people as possible.

Operational objective	KPIs and Targets	vs. short term agenda	2022 key milestone delivered
Protect most vulnerable members of our value chain	80% in procurement spend coverage by Responsible Sourcing due diligence program (excl. raw milk as this is covered by RA)		Danone released its Human Rights policy, confirming its commitment to uphold and strengthen human rights in its value chain in terms of its own operations but also its suppliers
Provide safe drinking water to those in need	20M people on average were reached daily with safe drinking water by our dedicated Danone Communities fund W2AF and brands partnerships	Q	Danone ensured access to daily safe drinking water for 10.6 million people by its dedicated Danone Communities fund and brands partnerships
Be globally certified as a B Corp company	Global certification: 95% of employees covered by certification Weighted average score of 80+ points Waters eligibility Danone SA certification	Q	Around 75% of Danone's global sales are being covered by B Corp certification
		continuity	step-change sinnovation

In accordance with article R.210-21 of the French "Code de Commerce", please find below the last available report of the independent third party, which however covers 2021.

REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE FULFILLMENT OF SOCIAL AND ENVIRONMENTAL OBJECTIVES

For the year ended December 31, 2021

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders's Meeting of Danone,

In our capacity as Statutory Auditor of your company (hereinafter the "Entity"), appointed as an independent third party (hereinafter the "Third Party") whose admissibility of the application for accreditation has been accepted by the COFRAC, we conducted our work in order to provide a report expressing a limited assurance conclusion on the historical information relating to the fulfillment of the social and environmental objectives that your entity has set for itself in the scope of its status as a mission-led company (société à mission), as presented in the report of the Mission Committee and relating to the period from January 1, 2021 to December 31, 2021, included in the management report pursuant to the legal and regulatory provisions of Article L. 210-10 of the French Commercial Code (Code de commerce).

CONCLUSION

During its second year of operation as a mission-led company, Danone worked to put in place all the procedures necessary for defining and managing its social and environmental objectives. The report of the Mission Committee sets out the work carried out by the Company and the Mission Committee as well as the operational objectives and indicators identified, the consistency and fairness of which we have assessed.

The social and environmental objectives have been broken down into operational objectives associated with trajectories starting in 2021.

Based on our work, we were able to verify that the trajectories for 2021 have been successfully completed, with the exception of two indicators.

Regarding the "Volumes compliant with internal sugar target" indicator, Danone has not fulfilled the trajectory set (92% compared to a target of 95%). We note that external and unforeseeable circumstances have impacted the market dynamics and consequently the fulfillment of the objective despite the measures taken by Danone.

The company was unable to measure the "Level of employee engagement compared with their peers" in 2021, due to circumstances external to the company and to the internal reorganization plan initiated during the period.

Due to the significance of the facts described above, we were unable to obtain sufficient appropriate evidence to provide a conclusion on the Entity's compliance with the following social and environmental objectives: "Impact people's health locally with a portfolio of healthier products, with brands encouraging better nutritional choices, and by promoting better dietary habits" and "Entrust Danone's people to create new futures, building on a unique social innovation heritage, give each employee the opportunity to impact the decisions of the Company, both locally and globally". The company set itself the goal of pursuing these objectives, selected pursuant to Article L. 210-10, paragraph 2 of the French Commercial Code, and stated in its by-laws, in line with its corporate purpose (raison d'être) and its business with regard to its social and environmental challenges.

With regard to the other objectives, "Preserve and renew the planet's resources by supporting regenerative agriculture, protecting the water cycle and strengthening the circular economy of packaging across its entire ecosystem in order to contribute to the fight against climate change" and "Foster inclusive growth, by ensuring equal opportunities within the company, supporting the most vulnerable partners in its ecosystem and developing everyday products accessible to as many people as possible" based on the procedures performed, as described in the "Nature and scope of our work" section, and the elements that we have collected, we have not identified any material misstatements that call into question that, in the scope of the company's status as a mission-led company at the end of the period covered by our audit:

- the Entity has met its operational objectives for each of the other social and environmental objectives listed above;
- the Entity has implemented adequate means for each social or environmental objective selected pursuant to Article L. 210-10, paragraph 2 of the French Commercial Code, and stated in its bylaws; and
- consequently, Danone adheres to each of the other social and environmental objectives that it has set itself, in line with its corporate purpose and its business with regard to its social and environmental challenges.

PREPARATION OF THE INFORMATION RELATIVE TO THE FULFILLMENT OF SOCIAL AND ENVIRONMENTAL OBJECTIVES

The absence of a generally accepted and commonly used framework or established practices on which to evaluate and measure the information relative to the fulfillment of social and environment objectives permits the use of different, but acceptable, measurement techniques that may affect comparability between entities and through time.

Consequently, the information relative to the fulfillment of social and environmental objectives should be read and understood with reference to the procedures of the Entity (hereafter the "Guidelines"), significant elements of which are presented in the Mission Committee's report (also available online or upon request from the Entity's headquarters).

INHERENT LIMITATIONS IN PREPARING THE INFORMATION RELATIVE TO THE FULFILLMENT OF SOCIAL AND ENVIRONMENTAL OBJECTIVES

The information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and due to the quality of the external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates used to prepare the information.

THE ENTITY'S RESPONSIBILITY

The Entity is responsible for:

- setting up a Mission Committee responsible for drawing up an annual report in accordance with the provisions of Article L. 210-10 of the French Commercial Code;
- selecting or establishing suitable criteria and procedures for preparing the Entity's Guidelines;
- designing, implementing and maintaining internal control over information relevant to the preparation of the Mission Committee's report, and implementing as much internal control as it deems necessary to ensure that the information relative to the fulfillment of social and environmental objectives is free from material misstatement, whether due to fraud or error:
- preparing information related to the fulfillment of social and environmental objectives in accordance with the Guidelines and making it available to the Mission Committee.

It is the responsibility of the Mission Committee to prepare its report based on the information provided by the Entity regarding the fulfillment of its social and environmental objectives and to conduct any verification it deems appropriate. This report is attached to the management report of the Board of Directors.

RESPONSIBILITY OF THE STATUTORY AUDITOR, APPOINTED AS AN INDEPENDENT THIRD PARTY

Pursuant to Article R. 210-21 of the French Commercial Code, it is our responsibility, on the basis of our work, to provide a report expressing a limited assurance conclusion on the Entity's compliance with the social and environmental objectives that it has set for itself in the scope of its status as a mission-led company.

As we have been engaged to form an independent conclusion on the information relative to the fulfillment of social and environmental objectives, we are not permitted to be involved in the preparation of the information as doing so may compromise our independence.

REGULATORY PROVISIONS AND PROFESSIONAL STANDARDS APPLICABLE

The work described below was performed in accordance with the provisions of Article R. 210-21 of the French Commercial Code and with the standards applicable to our profession in France relating to this engagement, as well as with the revised international standard ISAE 3000¹.

¹ ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of Statutory Auditors. In addition, we have implemented a system of quality control including documented policies and procedures to ensure compliance with the ethical requirements, French professional guidance and applicable legal and regulatory requirements.

MEANS AND RESOURCES

Our work was carried out by a team of five people between September 2021 and March 2022 and took a total of ten weeks. We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted approximately ten interviews with people responsible for preparing historical information related to the fulfillment of social and environmental objectives, including in particular representatives from management and the members of the Mission Committee.

NATURE AND SCOPE OF OUR WORK

We planned and performed our work taking into account the risk of material misstatement of the information relative to the fulfillment of the social and environmental objectives that the Entity has set for itself as a mission-led company.

We consider that the procedures we performed based on our professional judgment allowed us to provide a limited assurance conclusion.

We obtained an understanding of the activities of the Entity within the scope of its status as a mission-led company, the formulation of its corporate purpose, and its social and environmental challenges.

Our work focused on:

- the consistency of the social and environmental objectives adopted pursuant to the second paragraph of Article L.210-10 of the French Commercial Code and stated in its bylaws, the corporate purpose of the Entity as specified in its by-laws (hereinafter the "Purpose") and its business with regard to its social and environmental challenges; and
- the fulfillment of these objectives.

Regarding the consistency of the Entity's objectives, Purpose and activity with respect to its social and environmental issues:

- We conducted interviews to assess the engagement of management and members of the Board of Directors with regard to the expectations of the main internal and external stakeholders concerned by the Entity's activities.
- We assessed the processes put in place to structure and formalize this approach, based on:
 - information available within the Entity (e.g., minutes of Board meetings, exchanges with the Social and Economic Committee minutes of or material used in meetings with internal or external stakeholders, risk analysis);
 - the mission roadmap and the most recent Mission Committee report since the last audit;
 - where applicable, its publications (e.g., sales brochure, management report, integrated report, non-financial performance statement, website).
- In so doing, we assessed, taking into account the Entity's business with regard to its social and environmental challenges, the consistency between:
 - the information collected;
 - the Purpose; and
 - the social and environmental objectives set out in the by-laws.

Regarding the fulfillment of social and environmental objectives, we asked whether operational objectives and key indicators for monitoring and measuring their fulfillment by the Entity at the end of the period covered by the audit for each social and environmental objective were in place, and whether the operational objectives had been achieved in line with the trajectories defined by the Entity in the area covered by its status as a mission-led company.

To this end, we performed the following procedures:

- we read the documents prepared by the Entity to report on the performance of its mission, in particular the provisions specifying the operational objectives and the associated monitoring procedures, as well as the report of the Mission Committee;

- we asked the Mission Committee for its assessment of the fulfillment of social and environmental objectives and
 corroborated the information collected with the stakeholders' perception of the Entity's effects and impacts. In
 addition, we reviewed the analysis presented in the Mission Committee report of the results achieved by the end of
 the operational objectives in line with their defined trajectories, to enable us to assess compliance with the social and
 environmental objectives;
- we asked the Entity's Management about the financial and non-financial resources used to meet social and environmental objectives;
- we verified the presence in the Mission Committee's report of indicators consistent with the operational objectives and capable of demonstrating the positioning of the operational objectives in line with their defined trajectories;
- we assessed the adequacy of the resources used to meet the operational objectives in relation to their trajectories, with regard to the evolution of the business over the period;
- we verified the fairness of all these indicators and, in particular, we:
 - assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability;
 - verified that the indicators cover the entire scope of the Entity's status as a mission-led company;
 - gained an understanding of the internal control procedures the Entity has put in place and assessed the data collection process implemented by the Entity to ensure the truthfulness of the indicators;
 - implemented analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - implemented tests of detail, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out through verifications on site and at the headquarters of the Entity or within the framework of a group with a selection of entities² contributing to and representative of the scope covered by the status as a mission-led company, as well as for certain information within the framework of our work to verify the non-financial declaration, and accounts for between 20% and 38% of the data used for the calculation of the indicators;
 - assessed the overall consistency of the Mission Committee's report(s) with respect to our knowledge of the Entity and the scope concerned by mission-led company status.

The procedures performed in a limited assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with the professional guidance of the CNCC; a higher level of assurance would have required us to carry out more extensive procedures.

Neuilly-sur-Seine, March 31, 2022 One of the Statutory Auditors

PricewaterhouseCoopers Audit

FRANÇOIS JAUMAIN

Partner

SYLVAIN LAMBERT

Partner, Sustainable Development Department

² Danone Produits Frais France (France), Danone US LLC (United States), Danone Egypt (Egypt), Danone Djurdjura Algeria (Algeria), Milupa Fulda Supply Point Baby (Germany), Nutricia Polska (Poland), Blédina France (France), Danone Ukraine (Ukraine), SA des Eaux Minérales d'Evian (France), Danone Belgium (Belgium), Alpro Sojinal (Germany), Danone Brazil Dairy (Brazil), Salus (Uruguay), Danone Trade Corporate (Netherlands), Danone SA (France) and Danone Turkey (Turkey).

Learn more: www.danone.com

