# 5

# SOCIAL, SOCIETAL AND ENVIRONMENTAL RESPONSIBILITY

*This section describes Danone's commitments and achievements in the area of social, societal and environmental responsibility.*

*All references to "OPOH" refer to the Company's frame of action One Planet. One Health.*

*It is organized as follows:*

- *Information regarding extra-financial performance:*
  - *decree n° 2017-1265 of August 9, 2017 taken for the purpose of the order n°2017-1180 of July 19, 2017 as regards disclosure of non-financial information by companies;*
  - *Art. L. 22-10-10-2 of the French Commercial Code regarding "results of gender diversity in the top 10% of positions with greater responsibility";*
  - *Art.1 no. 2017-399 referred to as the law on the duty of vigilance of parent companies and ordering companies;*
  - *Art.173 no. 2015-992 of August 17, 2015 on the energy transition for green growth.*
- *Description of Danone's sustainability approach through the steps of decree n°2017-1265:*
  - *Danone's business model is described in sections 2.1 to 2.4 of this Universal Registration Document.*

  *For each of the risks and as far as possible, the following elements are highlighted:*
  - *definitions of the identified sustainability risks;*
  - *policies implemented to define the Company's ambitions and commitments;*
  - *governance and team dedicated to strategic management and operational follow-up;*
  - *action plans implemented to deploy the commitments;*
  - *quantitative and qualitative outcomes;*
  - *opportunities considered as levers of actions generating positive impact.*
- *Extra-financial performance for 2021 relies notably on:*
  - *environmental indicators;*
  - *social indicators;*
  - *safety indicators;*
  - *nutrition indicators;*
  - *responsible procurement and human rights indicators;*
  - *results of the Danone Way program.*
- *More extensive information is available in:*
  - *section 2.6 Risk factors dedicated to the main risks Danone is exposed to as of the date of the release of this Universal Registration Document;*
  - *the 2021 Integrated Annual Report in which quantitative results and practices are described based on the 2030 Company Goals, and the United Nations' Global Compact principles and Sustainable Development Goals (SDG). Furthermore, the Report includes a cross-reference table between the Company extra-financial performance indicators, and the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) indicators.*

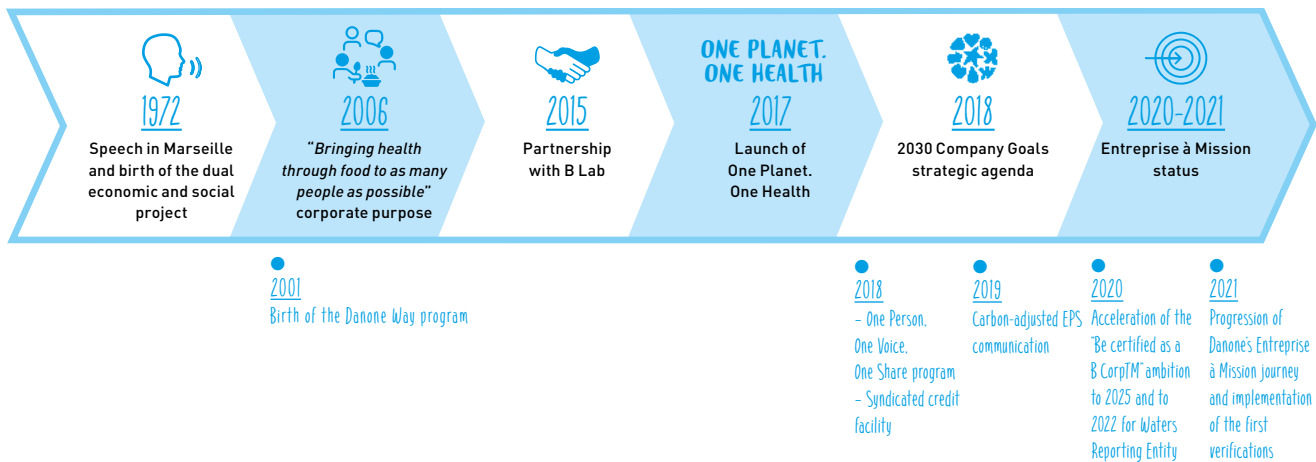◉ *Performance indicators monitored as part of Danone's Entreprise à Mission status.*

# 5.1 AN INTEGRATED APPROACH OF SUSTAINABLE BUSINESS MODEL

## Contents

## DANONE'S MISSION AND VISION: A LONG-STANDING COMMITMENT TO SUSTAINABLE VALUE CREATION

### Key milestones in Danone's sustainability journey



### 2030 Company Goals as an extension of the One Planet. One Health frame of action

Building on its dual economic and social project and its OPOH frame of action, Danone has defined a set of nine long-term Goals – aligned with the Sustainable Development Goals of the United Nations – to embrace the necessary evolution of the food system and to create sustainable value for its shareholders and ecosystem.

In 2020, Danone took another step forward by becoming the first listed company to adopt the Entreprise à Mission model. It also selected four of its 2030 Company Goals as its Mission Objectives and integrated them into its by-laws:

- 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.

Danone has appointed a Mission Committee to monitor the Company's progress toward its Mission Objectives and has defined short term key performance indicators and targets to enable independent third party to verify the Company's progress toward its Mission Objectives from the start of the journey. In 2021, the Company began engaging the Mission Committee, Danone's management and experts to set its 2025 ambition (see section 2.2 *Strategic priorities and outlook*).

Adopting the Enterprise a Mission status is in line with the Company goal of obtaining worldwide B Corp™ certification by 2025, which will show consumers and stakeholders that all Danone entities and brands are putting their businesses to work to serve society.

Beyond its direct scope of responsibility and more specifically during the Covid-19 crisis, Danone has supported its ecosystem through its corporate actions, brands and social innovation platforms. The Company is also committed to protecting its supply chain so that it can continue to ensure its daily food supply.

# GOVERNANCE ESTABLISHED TO SUPPORT DANONE'S ONE PLANET. ONE HEALTH FRAME OF ACTION

## Internal organization and governance

Sustainability permeates Danone's entire organization, thus, all departments support the sustainability ambition and journey through their specific fields of expertise. Danone has put in place a sustainability governance structure to ensure global consistency and efficient decision-making in all aspects of sustainability, as described below.

| Governance bodies | Key missions |
|---|---|
| Engagement Committee | • an offshoot of the Board of Directors, its mission and work are detailed in section 6.1 *Governance Bodies*. |
| OPOH Integration and Investment Board | • align the sustainability pillars to strengthen Danone's integrated approach to the 2030 Company Goals and monitor the journey toward B Corp™ certification ambition; |
| | • obtain approval for investment proposals from the social innovation funds' decision-making bodies; |
| | • better serve the brand agendas and ensure coordination with the Growth Strategies and Capabilities Committee. |

Danone addresses specific sustainability topics within thematic committees which are mentioned throughout chapter 5 *Social, Societal and Environmental Responsibility*. Additionally, topics related to sustainable finance are discussed within the ESG & Finance Committee.

| Global and local sustainability teams | |
|---|---|
| OPOH Integration team | • as part of the General Secretary, work closely with the communications and public affairs teams; |
| | • work with its internal and external stakeholders to advance, monitor and report on Danone's sustainability performance; |
| | • oversee global B Corp™ certification through a continuous improvement process. |
| Expert teams (including corporate and Reporting Entity OPOH experts) | • environmental, social, and health and nutrition teams working to advance specific Company Goals and commitments and to monitor the progress toward achieving them; |
| | • sustainability teams, operating within the Reporting Entities and responsible for the connection with the brand agendas. |
| Local OPOH representatives' network | • coordinate Danone's sustainability strategy at the regional and local levels; |
| | • lead the local rollout of the Danone Way program and B Corp™ certification and support the global sustainability audits process. |

# AN INTEGRATED WAY TO TRACK AND FOSTER PROGRESS

## Danone's approach to managing sustainability performance
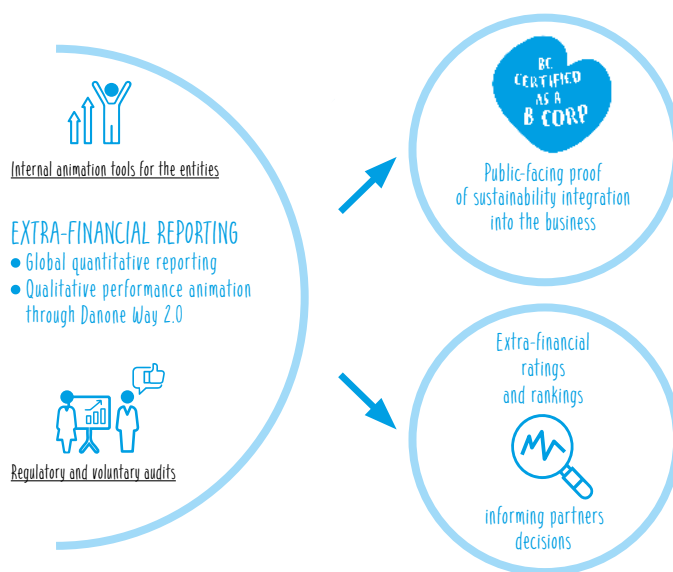
With its internal animation tools, the Company ensures that all its entities, at all levels, progress toward the 2030 Company Goals, with a focus on the OPOH frame of action. To do so, Danone tracks and supports sustainability performance through quantitative metrics (global reporting) and a set of qualitative practices (Danone Way) whose reliability is reinforced by external audits, performed by an independent third party (see section 5.9 *Report by one of the statutory auditors, appointed as an independent third party, on the consolidated non-financial information statement included in the management report*). This integrated way to track and measure performance supports its external global B Corp™ certification as well as its dialogue with financial and non-financial partners, notably by sustaining high performance with the ESG rating and ranking agencies.

## A COMPREHENSIVE APPROACH TO MEET EXTERNAL DEMANDS

### Manifesto Brands to reflect consumers' expectations

Manifesto Brands are at the core of Danone's 2030 Company Goals. A Manifesto Brand is a brand on a mission, with a strong point of view on societal issues. These brands are committed to taking action contributing to societal issues important for consumers and for the world. Their commitments allow them to connect with consumers around shared values and purposes which include the social, environmental, and health and nutrition topics that matter to them.

### Materiality analysis to highlight main externalities

To define its approach to sustainability, Danone relies on the complementary nature of its materiality and risk analysis processes. This enables the Company to identify the issues facing its operations and value chain, on the one hand, and the expectations of its stakeholders regarding its sustainability ambitions, on the other.

Danone relies on this materiality analysis as it highlights the 12 most material issues for both Danone's business success and for external stakeholders, as listed in the table below. In 2021, the Company renewed this materiality assessment. The full results of the analysis are available on the Company's corporate website.

This materiality analysis is the result of a global consultation with more than 380 internal and external stakeholders outlined below who shared their perspective on issues that Danone needs to prioritize as a business today, and over the next five to ten years.

Among the stakeholders consulted were:

- more than 230 external and local stakeholders, including national authorities, NGO representatives, academics/experts and sector peers, etc.;
- more than 150 Danone employees whose work relates to the OPOH frame of action.

Danone also surveyed its suppliers, key accounts and investors.

### Risks identified in connection with Danone's declaration of non-financial performance

In 2018, Danone identified its sustainability risks, through a joint effort by the departments responsible for Sustainable Development and for Strategy and Risks. In 2021, the Company reviewed these risks internally in light of the ongoing evolution of Covid-19 crisis and the current Company transformation and concluded that they were still relevant. For some risks, additional action plans have been rolled out and are detailed throughout this section (see the *Cross-reference table* below).

Danone has adopted the following risk definition methodology:

- **identify risks through research** on risks affecting its activities and its value chain over the short, medium and long term;

- **work with its experts** to assess top risks based on its activities, probability of occurrence, and potential impacts on stakeholders (employees, shareholders, business partners and communities) and its results;

- **consolidate and identify Danone's top 13 sustainability risks;**

- **have the risks approved by three governance bodies:** the Sustainability Integration Committee, the Social Responsibility Committee (now called Engagement Committee) and the Audit Committee (see section 6.1 *Governance bodies*).

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## One Planet. One Health frame of action cross-reference table

The table below shows the relationship between the 13 priority themes derived from its risk analysis and the 12 material priorities. It also maps the related 2030 Company Goals.

Details on governance, policies, action plans and outcomes are presented within the chapter.

| Pillar | 2030 Company Goals (selected in the context of "Entreprise à Mission" status) | Sustainability risks | Material priorities | Reference within the chapter for more information |
|---|---|---|---|---|
| | | | • Integration of sustainability into the business (for all issues below) | |
| COMPLIANCE | | Responsible practices: ethics and integrity | • Integration of sustainability into the business | 5.1 *An integrated approach of sustainable business model* |
| HEALTH & NUTRITION | IMPACT PEOPLE'S HEALTH LOCALLY | Unique product portfolio to impact people's health | • Product safety/quality<br>• Nutritional quality of overall product portfolio<br>• Food/water access and affordability<br>• New consumption patterns/planetary diet<br>• Consumer behavior change | 5.2 *Offering safe, healthy products* |
| | | Responsible communication | • Product safety/quality | |
| | | Marketing of breast milk substitutes | • Nutritional quality of overall product portfolio | |
| ENVIRONMENT (including the fight against climate change) | PRESERVE AND RENEW THE PLANET'S RESOURCES | Regenerative agriculture | • Climate change<br>• Sustainable farming/land use<br>• Local sourcing and rural/farmer development | 5.3 *Preserve and renew the planet's resources* |
| | | Circular economy | • Climate change<br>• Circular economy/packaging/waste | |
| | | Preservation of water resource | • Climate change<br>• Water stewardship<br>• Food/water access and affordability | |
| SOCIAL (including workplace health and safety) | ENTRUST DANONE'S PEOPLE TO CREATE NEW FUTURES | Inclusive talent development | • Integration of sustainability into the business | 5.4 *Building the future with Danone employees* |
| | | Social dialogue | | |
| | | Employee security | | |
| RESPONSIBLE SOURCING & HUMAN RIGHTS | FOSTER INCLUSIVE GROWTH | Business practices and price fixing | • Responsible procurement/supply chain management<br>• Local sourcing and rural/farmer development | 5.5 *Promoting sustainable, inclusive growth with suppliers through Responsible Sourcing and Human Rights* |
| | | Responsible sourcing | | |
| | | Human rights | | |

# ⚖ RESPONSIBLE PRACTICES: ETHICS AND INTEGRITY

## Definition
Danone works actively against corruption, bribery, payments in kind, conflicts of interest, theft, fraud, embezzlement, inappropriate use of company resources and money laundering.

## Governance
Danone's worldwide compliance program is approved and supported by its Chief Executive Officer as well as by its Executive Committee, under the supervision of the Corporate Compliance and Ethics Board, which is chaired by the Chief Compliance Officer. It is also reviewed at least once a year by the Audit Committee. The Chief Compliance Officer is the executive head of the Compliance function and, along with the Global Compliance Directors, is responsible for designing and leading the compliance strategy and overseeing its implementation and execution worldwide.

At the local level, Danone has a global network of Local Compliance Officers and Local Compliance Committees, chaired by the local General Manager.

Responsibility for the governance of internal evaluations of alleged or suspected non-conformities lies with the Danone Ethics Line Committee, made up of the Chief Compliance Officer, Global Integrity Director, Global Head of Internal Audit, Global HR Compliance and Labor Law Director, Global Head of Investigations and the Chief Security Officer.

Danone created a People Ethics Commission whose responsibilities include promoting respect and dignity for people and preventing issues related to harassment, violence and discrimination in the workplace. In particular, this Commission reviews the key performance indicators related to human resource alerts from the Danone Ethics Line twice a year (see section 5.5 *Focus on Tier 1 suppliers other than milk farmers: RESPECT Program*). It also reports on its work to the Board of Directors' Engagement Committee.

## Policies
Danone has established policies and procedures for responsible practices that apply to all of its employees, its subsidiaries, the companies controlled by the Company and, in some cases, its business partners. Danone has a compliance framework which sets out the most important principles with regard to standards, responsibilities, organization and processes for its policies and programs.

| General Policies | |
|---|---|
| **Code of Business Conduct** | • based on principles derived from:<br>  • the Universal Declaration of Human Rights;<br>  • the Fundamental Conventions of the International Labour Organization;<br>  • the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;<br>  • the UN Global Compact on human rights, labor standards, environmental protection and anti-corruption;<br>• translated into 34 languages;<br>• covers a number of responsible practices-related topics, including anti-corruption, conflicts of interest, confidentiality, fraud, money laundering, international trade sanctions and anti-competition;<br>• includes section on how to raise a concern about a breach or a potential breach of the code including a reference to Danone's Ethics Line. |
| **Disciplinary Code for Business Conduct Breach** | • applies to all employees to ensure that the Company appropriately and fairly sanctions any unethical behavior in general, and/or any breach of its Code of Business Conduct. |
| **Integrity Policy** | • defines the rules and responsibilities governing the conduct of every Danone employee with respect to corruption, including gifts and hospitality, sponsorships and donations, fraud, money laundering, conflicts of interest, interactions with Government Officials, advocacy and third-party due diligence;<br>• describes the expectations that must be met by specific functions, such as Executive Committee members, General Managers, Human Resource Directors, Public Affairs and Medical and Healthcare teams. |
| **Third Party Vetting Compliance Policy** | • refers to the due diligence that Danone performs on business partners, in order to evaluate and, if necessary, address the potential risk they may pose to the Company in relation to anti-corruption, anti-bribery and/or international trade sanction laws and regulations as well as any other criminal or unethical activity;<br>• applies to all third parties;<br>• defines the rules, responsibilities and guidance that require and enable Danone employees to follow a robust decision-making process for selecting, contracting with and monitoring third parties. |
| **Code of Conduct for Business Partners** | • ensures that Danone's business partners comply with applicable laws on bribery and corruption, money laundering, unfair competition and international trade sanctions. |

| Thematic Policies | |
|---|---|
| **Competition Policy** | • defines Danone's commitment to engaging in fair competition on the merits in all its business activities in compliance with all applicable competition laws. |
| **International Trade Sanctions Policy** | • defines Danone's commitment to complying with trade, financial and other restrictions imposed by national governments and international bodies on certain sanctioned countries, entities and/or individuals. |
| **Personal Data Privacy Policy** | • recognizes individuals' fundamental right to privacy and protection of personal data; |
| | • defines Danone's commitment to processing personal data in a fair, lawful and transparent manner. It applies to all Danone entities worldwide, including all the subsidiaries and affiliates that are majority owned or effectively controlled by the Company, and all their employees; |
| | • establishes the rules and responsibilities that employees and any third parties that process personal data on Danone's behalf must abide by when managing personal data. |
| **Health Care Systems Compliance Policy** | • ensures that all interactions with health care professionals are conducted in an ethical, open, transparent and responsible manner and are in compliance with applicable laws and regulations; |
| | • applies to all Danone employees worldwide, as well as third-party contractors who interact with the health care system. |
| **Advocacy Policy** | • describes the Company's vision of advocacy and the way it engages with external stakeholders. In particular: |
| | • Danone interacts with governmental and non-governmental players as part of its dialogue with stakeholders and in the regular course of business to fulfil its purpose of "bringing health through food to as many people as possible". Where the company does engage in advocacy activities, this will be with the interests of the consumer in mind and the will to meet public health goals. |
| | • Danone does not use any corporate funds or assets to make political contributions or independent expenditures on behalf of candidates or parties. |
| | • sets out the behaviours expected of its employees, as well as the expectation that all advocacy efforts must comply with the Code of Business Conduct and the Integrity Policy described above on top of all applicable national and international laws and regulations. The policy also describes how Danone's advocacy activities are monitored, and the external reporting linked to its advocacy. In particular: |
| | • Danone is listed in the EU Transparency Register, as well as the French (*Haute Autorité Française pour la Transparence de la Vie Publique, or HATVP*) and US registers of interest representatives. |

## Action plans

Danone has put in place a compliance program that includes a specific section on anti-corruption. This program incorporates risk assessments and their related mitigation plans, policies, procedures, controls, trainings, communication plans and due diligence on third parties.

Regular internal controls and audits are conducted for major compliance risks such as: governance at every level of the Company, interactions with healthcare professionals and government officials, gifts and hospitality, sponsorships, grants and donations, public tenders and confidentiality of personal data.

### Whistleblowing system: Danone Ethics Line
Danone has developed a confidential whistleblowing system for employees, suppliers and any other third party to report their concerns, anonymously if necessary, about any violation of the Code of Business Conduct, illegal behavior, inappropriate financial practice or activity posing an environmental or human rights risk. The tool can be accessed on the Internet by anyone, in any country and is available in 15 languages.

In conjunction with the alerts received through the Danone Ethics Line and the non-conformities identified during the Company's controls and audits, mitigation plans and sanctions are put in place under the governance of the Danone Ethics Line Committee and local management. These mitigation plans can involve process improvements, disciplinary action, training and communication, and enhanced monitoring from the compliance team in the form of a steering committee responsible for overseeing the implementation of corrective measures.

When responding to alerts, Danone enforces its clear whistleblowing policy, as stated in its Compliance Framework Policy, of not retaliating against whistleblowers if they report a genuine concern in line with the Code of Business Conduct.

The Danone Ethics line is communicated to all employees on an ongoing basis *via* the Code of Conduct, compliance trainings, posters on site and within all Danone's compliance policies.

### Employee training and information
Danone has a comprehensive compliance training program incorporating a compliance fundamental e-learning for all employees with access to a laptop and a more targeted integrity essentials training for those employees identified at higher risk. In addition, Danone has specific trainings on healthcare and International Trade Sanctions.

A new Third Party Vetting digital solution is being implemented worldwide and as part of the roll out, a comprehensive training program has been made for every Danone employee involved in the purchasing of goods and services. In 2021, 70% of countries where the Company operates have deployed this digital solution.

## Outcomes
In 2021, Danone received 568 alerts on various issues, including human resources, corruption and fraud. None of these cases had a material impact on the Company's consolidated accounts.

In 2021, due to the rollout of the new third-party due diligence solution, over 14,425 third parties have already been vetted. Among them, 95% were approved, 4.7% were approved with mitigation and 0.3% were rejected.

## Focus – Fight against tax evasion

Danone's Tax Policy underscores its commitment to responsible tax management and its pledge to avoid tax schemes that are artificial, fraudulent or disconnected from actual operations. It is updated annually and can be found on Danone's website.

Danone has also implemented a code of conduct for internal use to prevent any risk of tax evasion: it defines the principles for action and the appropriate behaviors when dealing with the local authorities. Tax-related information and processes are also subject to internal audits.

Danone's tax function is supervised by the Vice-President Tax, who reports once a year to the Audit Committee on the main events of the year and on the Company's tax policy. This Vice-President is supported by a core team tasked, among other missions, with performing regular performance reviews with the main regions. At the regional and local level, a network of tax officers is responsible for ensuring implementation of the tax policy and entities' compliance with applicable regulations.

Lastly, Danone is involved in discussions on taxation with its external stakeholders. The Company thus, supports the OECD's Base Erosion and Profit Sharing initiative. Danone has also signed onto a partnership agreement with the French government as part of the "Confiance Plus" initiative, which encourages transparency in the interactions between the government and companies.

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# 5.2 OFFERING SAFE, HEALTHY PRODUCTS

## Contents

## UNIQUE PRODUCT PORTFOLIO TO IMPACT PEOPLE'S HEALTH

Food safety and nutritional value are inherent factors in consumers' choices. In addition, consumers are paying closer attention to the social and environmental footprint of the products on offer. Danone has a responsibility to provide safe products to its consumers and commits to offering healthy and sustainable products. In 2021,

Danone identified the "nutritional quality of overall product portfolio" and "product safety and quality" as two of its most material issues through an outreach of 380 internal and external stakeholders (see Danone's website for more information).

### Offering consumers healthy products

#### Definition

Impact people's health locally is one of Danone's strategic goals which is anchored in the objectives that the Company set as part of its Entreprise à Mission status. The Company aims to contribute to the food model transformation by focusing on nutritional needs at local level, proposing relevant solutions anchored in local food cultures, and developing local routes to market. The intent of its health and nutrition strategy is thus to create a positive impact on health through healthier and more balanced diets. To do so, the Company works to evolve its product portfolio toward healthier food categories by reformulating, innovating and renovating on its product range while also drawing on its in-depth knowledge of public health concerns, eating habits and local cultural traditions.

#### Governance

In 2021, the health and nutrition strategy is implemented by the Alimentation Science Department, which reports to the Chief Growth Officer, who is a member of the Executive Committee. The Research and Innovation Department in charge of the products' formulation now reports to the COO End-to-End Design to Delivery, who is a member of the Executive Committee, allowing Danone to achieve both its health and business objectives together.

The health and nutrition strategy governance is supported by:

- the OPOH Integration and Investment Board (see section *5.1 An integrated approach of sustainable business model*);

- the Growth Strategies and Capabilities Committee, animated by the Chief Growth Officer and global heads of Reporting Entities, which contributes in particular to the strategic discussions: this Committee reflects on how to embed the health and nutrition strategy and objectives into the brands' strategy and contributing to their growth.

#### Policies, action plans and outcomes

Danone aspires to impact people's health locally. It means to create a positive contribution through its products and its brands, in line with both consumer and stakeholders' expectations. To have an even greater impact, Danone works *via* its social funds. For example, the Danone Ecosystem Fund enables to support systemic change in eating practices and health (€13.6 million spent to date in health-related issues).

In 2021, Danone decided to extend selected nutritional commitments which were backed by new targets for the year to come for its entire product portfolio. Across all categories, Danone's strategic focus remains on (i) portfolio healthiness and nutritional quality, (ii) responsible marketing and (iii) transparent nutritional labeling.

Simultaneously, Danone is defining enhanced nutritional commitments at global level for the horizon 2025-2030.

**Improving the nutritional quality of the portfolio through innovation and reformulation**

Danone strives to continuously improve its recipes not only to optimize the profile and nutritional value of its products, but also to limit the use of certain nutrients (e.g. added salt or sugar, additives, etc.). The Company also innovates within each of its Reporting Entities with more products sourced organically, locally and naturally to meet consumers expectations.

| 2021 COMMITMENT | ACTION PLANS AND OUTCOMES |
|---|---|
| Danone is committed to offer products with a high nutritional quality.<br><br>2021 transition objectives:<br><br>● Volumes of healthy categories: 90% ◉<br><br>● Volumes sold without added sugars: 80% ◉<br><br>● Volumes compliant with internal sugar target: 95% ◉ | In 2021, 90% ◉ of product volumes sold are in healthy categories, stable relative to 2020 (see Health and Nutrition scope, Methodology Note). The other categories are mainly low-sugar drinks and occasional "indulgence" products.<br><br>In 2021, 85.7% of product volumes sold comply with Danone nutritional targets (in slight decreased compared to 86% in 2020).<br><br>Danone exceeded its target of volumes without added sugar, reaching in 2021 83% ◉ versus the targeted 80% (see Health and Nutrition scope, Methodology Note). The Company has been progressing in added sugar reduction across all categories. For example, in dairy products, the reduction of added sugar reached 14% between in 2014 and 2021 and 25% in aquadrinks between 2008 and 2021.<br><br>The Company performance in increasing its compliance with internal sugar target was, however, slightly below its plan, achieving 92% ◉ versus 93% in 2020. This has been caused by Covid-19, the overall market context and the Company's reorganization plan. Despite these challenges and the slight decrease in the overall performance in this indicator, Danone continues its efforts, for example, the Specialized Nutrition Reporting Entity has progressed from 98% to 99% of compliance in 2021.<br><br>Danone also continues to support Nutri-Score and has even – alongside several players in the food chain and civil society – called on the European Union to make the Nutri-Score mandatory in all countries. At the same time, Danone continues to gradually roll it out to the EDP Reporting Entity's product portfolio. In 2021, this label was applied to its products in Austria, Belgium, France, Germany, Latvia, Luxembourg, Poland, Portugal, Slovenia, Spain, Switzerland, Romania, Bulgaria, Hungary, the Czech Republic and Slovakia. In 2021, 89.3% of volumes of products sold were compliant with Nutri-Score A or B (or equivalent) compared to 88.3% in 2020. |

◉ Performance indicators monitored as part of Danone's Entreprise à Mission status.

The Access to Nutrition Index (ATNI) has ranked Danone first for the sub-category on Product Profile, recognizing the Company's performance in terms of nutritional quality of its products. At the same time, in 2021, Danone was confirmed as a member of the FTSE4Good Index calculated by FTSE Russel for the fifth consecutive year.

**Developing responsible marketing practices through brands**

Danone is committed to responsible marketing in compliance with the International Chamber of Commerce Code for Responsible Food and Beverage Marketing Communication and national and regional standards (For more information, see *Responsible communication* hereinafter). With this commitment, Danone promotes healthier choices and products for the consumers.

| 2021 COMMITMENT | ACTION PLANS AND OUTCOMES |
|---|---|
| Danone has a global company Pledge on responsible marketing, especially towards children, and is committed to translate this Pledge into local declarations in each country in which the Company operates. | In 2021, 22 of Danone's major selling countries have a marketing pledge posted on their websites as part of the local implementation of the Danone Pledge (the Company's pledge to engage in responsible marketing and communication) vs 20 at end 2020. |

**Fostering healthier eating and drinking habits through transparent and informative labeling**

To encourage healthier choices for consumers, Danone is encouraging and developing extensive nutritional labeling on a large range of products.

| 2021 COMMITMENT | ACTION PLANS AND OUTCOMES |
|---|---|
| Danone is committed providing full and relevant nutritional information on its products, to guide consumers.<br><br>2021 transition objective:<br><br>● Volumes sold with Front of Pack labeling: >96% ◉ | Danone supports initiatives to better inform consumers and help them become active participants in their own health.<br><br>Thus, in 2021, 91.2% of Danone products displayed comprehensive nutritional information (nutritional table on the back of the packaging; a summary of the information on the front; guidance on portion size; information provided in other ways, such as the website) compared with 82.6% in 2020.<br><br>In particular, in 2021, 97% ◉ of products displayed nutritional information on the front of their packaging (versus 96% in 2020) and 92% of these volumes provided a portion size and number guidance (versus 83% in 2020). |

◉ Performance indicators monitored as part of Danone's Entreprise à Mission status.

### Focus – Accessible, affordable nutrition

As reflected in its purpose of "bringing health through food to as many people as possible," Danone believes that accessible, affordable nutrition is a fundamental component of its strategy. With its 2030 Company Goals in particular, Danone aspires to foster inclusive growth for the most vulnerable partners in its value chain in collaboration with its social innovation funds.

The Company aims to expand healthy, affordable products to vulnerable groups based on targeted distribution models that make them more accessible.

Danone improves its portfolio for these communities not only by making the products more affordable, but also enriching selected products with key nutrients. For instance, its subsidiary in Poland (Specialized Nutrition Reporting Entity) offers *Bobovita My First Cereal*, a range of milk cereals without added sugar and fortified with vitamins C and D, thiamine, calcium, iron and iodine.

In 2021, Danone continued to support the populations most affected by the sanitary crisis through its various initiatives. At the local level, this involved (i) studying the socioeconomic pyramid and (ii) determining the right price positioning to make safe drinking water and healthy and nutritious food accessible. The Specialized Nutrition Reporting Entity has applied this approach to several product launches in Asia (mainly in Indonesia and Malaysia) and Latin America. In 2021, 55% of Danone's entities had at least one healthy product in their portfolios targeting low-income populations or a plan to expand access (see Danone Way scope, Methodology Note).

Lastly, Danone builds its strategy on innovative partnerships, with support from several of its social funds. These include (i) the Danone Communities Fund, which invests equity in social businesses in three fields: access to safe drinking water, access to healthy local nutrition and access to sustainable food systems. (ii) the Livelihoods Fund for Family Farming, which helps smallholders become more resilient and develop subsistence farming strategies that improve their diets, and (iii) the Danone Ecosystem Fund which develops inclusive and sustainable projects with several value chain stakeholders including projects related to promotion of healthy drinking and eating habits at key stages of life. In Egypt, for example, the Danone Ecosystem Fund, in partnership with several stakeholders, is financing a project to combat anemia and iron deficiency, which affect nearly 50% of the population.

## Ensuring quality and food safety

### Definition

Danone, because of its purpose and as an active player in the food and beverage industry in many countries, must always guarantee the safety and quality of its products to its consumers.

### Governance

In 2021, the responsibilities for defining standards, implementing action plans and monitoring commitments lies with:

● the Quality and Food Safety (QFS) function, led by the QFS SVP, who is reporting to the COO End-to-End Design to Delivery, member of the Executive committee. This function is responsible for defining the Danone QFS strategy, defining the Quality standards, and implementing the QFS policy and standards at all levels of the organization. The General Manager of each subsidiary is responsible for ensuring that the products on the market comply with applicable laws and regulations and with Danone's food safety standards.

● the Danone Food Safety (FS) department, led by the Danone Chief Food Safety Officer which reports to the General Secretary, a member of the Executive Committee and ensuring independence from the operational teams. It is in charge of establishing and maintaining the Danone food safety management system (FSMS), defining the highest food safety standards, maintaining, and assessing compliance and effectiveness of the whole system.

### Policies

Danone's approach to QFS encompasses the entire value chain, from product design and supply to manufacturing, distribution, sale, as well as service to consumers. It is replicated for each Reporting Entity, product and technology and reflects:

● Danone's QFS commitments based on the four pillars (be trusted, be preferred, be efficient and be proud).

● Danone QFS Manual which describes the way Danone operates.

● Danone's Food Safety policy which refers to a Company-wide management system aligned with ISO 22000 and FSSC 22000 operating guidelines, rooted in the latest science and technology to enable robust risk anticipation, assessment and management under continuous improvement.

## Action plans

### Identifying emerging and evolving issues

Danone has developed an end-to-end risk anticipation process which aims to anticipate any emerging food safety issues and to reinforce its FSMS, with the objective of remaining at the leading edge on food safety science. It covers any new or evolving food safety risk related to the safety of raw materials, ingredients, food contact materials, manufacturing processes and finished products.

As part of this process, the map of potential risks for product category is regularly updated by the Danone FS department and adequate preventive plans are defined with the QFS operational departments responsible for local risk control.

### Strategic collaborations and partnerships all over the world

The Danone FS department ensures tight connections with the scientific and regulatory ecosystem and maintains numerous collaborations and partnerships in the different regions (*i.e.*, European Union, the United States, China) with standardization & certification organizations, academia, governmental & intergovernmental organizations, industry associations and peers.

In 2021, the Danone FS department strengthened its external engagement through, among others:

- its collaboration with the China National Center for Food Safety Risk Assessment (CFSA) in food safety capability building and scientific research. Danone entity in China is the official partner of the EU-China-Safe project, co-led by the Queen's University of Belfast and the CFSA. This is an inter-governmental project aiming to deliver an effective, resilient, and sustainable EU-China food safety partnership.

- its partnership with Mars Company in the field of food safety with a co-hosted global summit on the future of food safety, that focused on advances in science, technology and research contributing to food safety and food security in the service of UN Sustainable Development Goals (SDGs).

### An integrated risk-based approach

Danone not only abides by local and international regulations, but also goes above and beyond by performing risk assessments and defining its own company Quality & Food Safety requirements based on the latest science and highest international standards.

In 2021, a new QFS Standard Operating Procedure (SOP) has been released to reinforce Danone's principles of risk-based approach and guidance has been shared with local teams. The scope covers design, sourcing, manufacturing, and supply chain, where QFS is engaged in risk management decisions. The SOP details notably the uncertainties list, responsibilities, and principles.

In order to continue strengthening the requirements of FSSC 22000 standards in 2020-2021, the Danone FS department upgraded its internal FS standards in two main areas:

- safety qualification of new ingredients: the safety assessment process for new ingredients has been reviewed to cover in a tailored way all types of substances intentionally added to products' recipes (for example, microbiological strains, botanical ingredients, flavorings, additives, enzyme). This assessment process is supported by expert-built databases and tools.

- Hazard Control and Verification Planning: the internal methodologies and terminology have been aligned with the latest concepts developed in ISO 22000:2018 to deploy consistent practices all over Danone production sites to ensure robust, efficient and risk-based management of food safety risks.

### Compliance and performance evaluation

Under the responsibility of the Danone FS department, a compliance and performance evaluation is conducted through:

- internal food safety audits aiming to check compliance with the FSMS requirements and associated internal standards;

- external food safety certification processes: Danone's objective is to earn FSSC 22000 certification for all production sites by the end of 2022 (see section *Results*).

### Strengthen the quality and food safety culture

Danone developed the iCare program to strengthen its employees' quality and food safety culture with a focus on the following priorities:

- develop a consumer-first mindset;

- engage all its employees on quality and food safety topics;

- promote visible engagement by leaders and management;

- ensure that quality and food safety-related requirements and messaging are consistent and easy to understand;

- encourage employees to get involved and share ideas to improve performance.

As part of its partnership with the Safe Secure Approaches Field Environments (SSAFE), Danone supported in 2021 the development of the "Food Safety Culture Tool", a free entry level tool to help food companies to measure and accelerate the development and implementation of strong food safety cultures.

The Company aims for continuous improvement and conducts assessments to measure the maturity of this culture on a regular basis. An assessment has been conducted in 2021, which results showed improvements and confirmed the "Improving" maturity status of Danone.

### Employee training and awareness

Danone relies on numerous initiatives and training courses to raise awareness and train all its employees in order to strengthen the food quality and safety culture within the Company. In 2021, Danone made an internal awareness campaign on the 4 pillars of the Danone QFS ambition and expanded its training offerings to include notably a new e-learning course accessible to all employees on the food safety risk analysis.

### Listen to consumers

Being preferred means continuously improving consumer satisfaction and playing a key role in the evolution of food systems. As consumer feedback is key to achieving the highest product quality and innovation, Danone ensures that, in each market, consumers can easily share their questions and opinions either over the phone or online. In 2021, as every 2 years, Danone conducted a census of its consumer contact centers, allowing to identify strengths and improvement areas and to build a strategic plan for the next 3 years.

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## Outcomes

**External certifications:** Danone reached a site certification rate of 93% (89% in 2020). In 2021, 190 FSSC 22000 certification audits were conducted by independent certification bodies (140 in 2020). As of December 31, 2021, 175 sites were certified and 186 are planned to be audited in 2022, postponing the initial commitment to reach 100% by the end of 2022 (see Production Site Food Safety scope, Methodology Note).

**Internal audits:** in 2021, the Global Food Safety Audit team conducted 50 in-house food safety audits (50 in 2020) (see Production Site Food Safety scope, Methodology Note).

## Opportunities

Having a robust FSMS in place, anticipating food safety and quality risks and actively listening to consumers give Danone the opportunity to honor its commitment to the quality and integrity of its products. These attributes also enable the Company to respond proactively to consumers' expectations and their need for transparency.

# RESPONSIBLE COMMUNICATION

## Definition

Research has shown that, for children under 12 years of age, marketing communications can influence the families' purchasing behavior and short-term eating habits. Danone's goal is therefore responsible marketing and communications for all. In particular, it is committed to ensuring that its communications have integrity, meet ethical standards, are verified, and are based on solid scientific claims to promote healthier habits.

## Governance

Under the directive described above, the General Manager of each subsidiary is responsible for communications and their approval. He or she appoints someone to ensure that a specific process for approving communications at the local level is in place and has been properly implemented.

Responsible Marketing Policy is overseen globally by the Vice President Public Affairs reporting to the General Secretary who is a member of the Executive Committee.

## Policies

As 90% of Danone's product volumes are sold in healthy categories, Danone spends the majority of its marketing budget on healthy products.

As a founding member of the EU Pledge (2007), and a signatory to the International Food and Beverage Alliance's (IFBA) global policy on responsible marketing, Danone has restricted its marketing communications to children under the age of 13 (The IFBA's and EU Pledge's 2021 enhanced Policy on Marketing Communications to Children now extends to children under the age of 13, rather than 12 years old), so that they are only exposed to products that meet:

- nutritional criteria set by local authorities, or defined by the industry as a whole, and to which Danone has committed regionally or locally;
- common nutritional criteria set by the EU Pledge in the absence of such standards at the local level.

The Company strengthened its commitment to responsible marketing to children with the publication of the Danone Pledge, which provides a set of guiding principles (see *Action Plans* hereafter). To ensure the greatest transparency and the highest level of compliance, Danone decided to embed its commitments at local level: at the end of 2021, 95.6% of its major selling countries have published a local declaration on marketing to children (87% in 2020).

Danone has also joined several local pledges that are consistent with its position on this issue. In most of the countries involved, compliance with this pledge is certified by an external agency.

Lastly, in its advertising, Danone has also pledged to apply the International Chamber of Commerce Code for Responsible Food

and Beverage Marketing Communication (ICC Code) and aims for compliance across all of its communications campaigns. Corrective actions are taken if non-conformities occur.

To ensure operational monitoring of its commitments, an internal directive, applicable to all Reporting Entities, was developed to guarantee the consistency and scientific accuracy of the health and nutrition claims in Danone's communications.

## Action plans

### Responsible communication and marketing to children

Danone uses its brands to promote healthy hydration habits and make water more appealing to children. It does not market its aquadrinks range to children under the age of 13.

More generally, Danone has established the following principles for marketing to children:

- no misleading messages;
- no parental influence undermining, but supporting the role of parents or other responsible for guiding diet and lifestyle choices;
- no suggestion of a time/sense of urgency or a price minimization pressure;
- no exploitation of a child's imagination or inexperience, in a way that could mislead him/ her about the benefits of the product involved;
- no encouragement of unhealthy dietary habits;
- no blurring of the boundary between marketing and branding;
- striving that marketing materials primarily appealing to children under 13 years old promote healthy, balanced diets and lifestyles as well as positive values.

The details of the measures taken, including with respect to the use of influencers and licensed characters on packaging and at points of sale, are set out in the Danone Pledge (see Danone's website for more information).

In 2021, 80% of Danone's entities monitored their compliance with the Danone Pledge (see Danone Way scope, Methodology Note).

## Outcomes

In a 2021 audit conducted in Bulgaria, France, Germany, Italy, Poland and Spain, Danone's television advertising was found to be 99.4% compliant with the EU Pledge criteria across all six countries.

In 2021, 100% of brand-owned websites, brand-managed social media profiles and brand-recognized influencer profiles analyzed in 8 different countries were compliant with the EU Pledge commitment.

# ♡ MARKETING OF BREAST MILK SUBSTITUTES

## Definition
Danone offers breast milk substitutes to parents who cannot or choose not to breastfeed exclusively. Similarly, the Company is committed to complying with local law and its own policies by practicing responsible communication and marketing.

## Governance
Issues related to breast milk substitutes are under the responsibility of the Compliance Department within the Specialized Nutrition Reporting Entity. This department reports to the Legal and Compliance Department within the office of the General Secretary, ensuring independence from the operating teams. At the local level, each General Manager is responsible for implementing the Policy for the Marketing of Breast-Milk Substitutes (BMS Policy) and for monitoring its procedures in the relevant geographic region.

## Policies
Danone supports the World Health Organization's (WHO) international public health recommendation calling for exclusive breastfeeding in the first six months of a baby's life and continued breastfeeding up to the age of two and older, in conjunction with the introduction of safe, appropriate complementary foods.

Danone also published a position paper on Health and Nutrition during the first 1,000 days of life, from the first day of pregnancy until the age of two, based on two convictions:

- breastfeeding must be protected and promoted;
- mothers, infants and young children must receive the best possible nutrition.

As part of its BMS Policy, the Company has deployed strict rules at the global level: no Danone subsidiary may advertise or promote breast milk substitutes for babies under six months, even if local law allows it. In accordance with the breast milk substitutes criteria of the FTSE4Good Index, in countries classified as higher-risk, Danone has voluntarily extended its BMS policy to infants up to 12 months of age, which may go beyond local legislation.

This policy applies to all Danone employees and partners involved in the marketing, distribution, sale, or governance of the affected products and/or related education programs. Danone is the first and only company with a global policy, applicable in all the countries it operates, on marketing breast milk substitutes from birth to six months of age.

In 2020, together with UNICEF and several civil society organizations, WHO published a Call to Action for companies that manufacture BMS to publicly commit and take steps toward full worldwide compliance with the International Code of Marketing of Breast Milk Substitutes (WHO Code) by 2030. Danone reaffirmed its support for the aims and principles of the WHO Code by providing a response to this BMS Call to Action. In its response, Danone set out a clear program, made commitments encompassing, amongst others, a new approach to product differentiation and Health Care Professionals (HCP) engagement, and developed a roadmap for promoting, protecting and supporting breastfeeding over the next 10 years. In 2021, the Danone Nutricia Campus, an open science and educational platform for HCP, went live.

## Action plans
Every year, Danone appoints an independent third party to conduct three market-based assessments of its breast milk substitute marketing practices the summary report is publicly accessible. Additionally, the Company publishes an annual report on BMS Policy management and compliance called *Raising the bar: responsible marketing of baby formula* which includes:

- a summary of the external audits and checks for the previous year;
- suspected and reported non-conformities;
- action plans.

Danone has also rolled out e-learning training on its BMS Policy which is accessible to all employees and external partners and has been translated into 13 languages. Additionally, an in-depth e-learning for all its marketeers working in the field of baby formula was rolled out in 2021.

For the third-party stakeholders, a toolkit was created to increase the awareness around responsible marketing of baby formula.

## Outcomes
In 2021, 5,858 employees were trained on Danone's Policy for the Marketing of Breast-Milk Substitutes (versus 6,387 in 2020). Danone changed its methodology in 2021 in terms of tracking the number of employees trained. Instead of tracking over a two-year period for 2020 and before, the Company now tracks only over the corresponding one-year (see section 5.8 *Methodology Note*). In 2021, Danone continued its journey in progressively rolling out e-learning trainings, which contributed to the high number of trained employees.

The Access to Nutrition Index (ATNI) ranked Danone first for the sub-category on marketing of breast milk substitutes and complementary foods, for the second year in a row. At the same time, in 2021, Danone was confirmed as a member of the FTSE4Good Index calculated by FTSE Russel for the fifth consecutive year.

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# 5.3 PRESERVE AND RENEW THE PLANET'S RESOURCES

## Contents

## ENVIRONMENTAL STRATEGY

As part of its 2030 Company Goal, to "Preserve and renew the planet's resources", Danone's ambition is to transform its value chain by developing solutions that are positive for the planet. To achieve this, the Company has built its environmental strategy around four priority pillars:

- fight against climate change;
- transition to regenerative agriculture including supporting regenerative organic agriculture;
- circular economy;
- preservation of water resources.

### Governance

In 2021, Danone's environmental strategy is sponsored by the CEO and the COO End-to-End and Design-to-Delivery who is a member of the Executive Committee. In coordination with the Chief Cycles & Procurement Officer and the VP Nature and Water Cycle, they review its implementation, priorities and key issues on a quarterly basis.

The review and implementation of this strategy are among the responsibilities of the following governance bodies:

- the Engagement Committee of the Board of Directors and the OPOH Integration and Investment Board (see section 5.1 *An integrated vision of sustainable business model*);

### Focus – Training and awareness programs

Danone raises awareness and trains its employees on environmental issues through training sessions and online training programs (see section 5.4 *Inclusive talent development*).

In 2020, Danone launched an e-learning course on the transition to carbon neutrality. This course, available on the Company's training platform, is built around a general-purpose module directed at all employees and includes more technical modules particularly intended for employees responsible for leading the environmental performance of the Company. In 2021, an additional e-learning module on net zero emission was made available to all its employees to support Danone's 2050 commitment.

- the Executive Committee, which oversees the annual strategic planning process establishes the operational roadmaps and action plans to achieve the Company's commitments, working with the Strategy and Risks Department;
- the Audit Committee, which oversees the Company's risk review and identifies emerging risks.

Furthermore, the strategy is monitored through the following global and local departments:

- the Cycles and Procurement Department, which ensures the long-term availability and viability of resources (milk, sugar, fruit, packaging, etc.) for the Company's operations;
- the Nature & Water Cycle Department, reporting to the Cycles and Procurement Department, which manages the performance and designs and supports environmental innovation programs through a funding mechanism in partnership with the social innovation funds. It relies on the Sustainability Department of each Reporting Entity as well as the teams of each strategic cycle (packaging, water and milk) and works with the procurement teams responsible for the main resources;
- the Reporting Entities and subsidiaries, which apply the operational, prevention and risk management action plans, and employ nearly a hundred correspondents.

In addition, Danone launched a new training course to support the launch of Danprint 2.0, the upgraded version of its carbon footprinting tool. The software facilitates the measurement of a product's carbon footprint over its entire life cycle and allows the comparison of the impact of various design scenarios.

The Nature & Water Cycle Department continues to train employees involved in the Reporting Entities and subsidiaries on the methodology to use to monitor environmental performance and its recent developments.

### Environmental management systems and tools

Danone developed its environmental management system based on the international standard ISO 14001. Danone also certifies its main production sites in accordance with this standard, which is a prerequisite for obtaining the highest level of performance in its Global Risk Evaluation for ENvironment (GREEN) program (see hereinafter).

| | Year ended December 31 | |
|---|---|---|
| | **2020** | **2021** |
| **ISO 14001 certification** [a] | | |
| Number of certified sites | 82 | 83 |
| Percentage of certified sites | 46% | 46% |
| Percentage of volumes covered | 65% | 65% |

(a) Production Site Environment scope, see Methodology Note.

### GREEN audit program

Danone deploys its Global Risk Evaluation for ENvironment (GREEN) program worldwide. The Company commissions external and internal audits to identify and monitor the main environmental risks at its production sites and the implementation of the environmental management system.

The Company can thus monitor and control atmospheric emissions (greenhouse and refrigerant gases), discharges into water (wastewater) and soil (treatment plant sludge and waste generated by livestock at some subsidiaries) resulting from its activities, as well as measure noise pollution generated by its production sites. The GREEN framework includes an assessment of the water-related risks which methodology was reviewed and updated in 2020 by the Water Cycle team (see section *Preservation of water resources*).

Danone deploys action plans at non-compliant sites in order to remediate non-conformities.

|  | Year ended December 31 | |
| --- | --- | --- |
|  | **2020** | **2021** |
| **Sites having undergone a GREEN audit** | | |
| Number of sites | 121 | 129 |
| Percentage of sites | 67% | 72% |
| Percentage of production covered by a GREEN audit | 79% | 81% |
| **Compliance with GREEN standards** | | |
| Number of compliant sites | 104 | 108 |
| Percentage of compliant sites | 86% | 84% |
| Percentage of compliant production | 94% | 91% |

### Focus – Application of the European Taxonomy to Danone's activities

Under European Regulation 2020/852 (the "Taxonomy" Regulation) on the establishment of a framework to facilitate sustainable investments in the European Union (EU), Danone is required to publish performance indicators for fiscal year 2021 for its entire financial consolidation scope. These indicators must show the share of its eligible net sales, capital expenditures (CapEx) and operating expenditures (OpEx) derived from products and/or services associated with economic activities qualifying as sustainable within the meaning of this Regulation for two climate objectives: climate change mitigation and climate change adaptation.

The eligibility of Danone's activities was assessed and its indicators for 2021 were defined (i) based on the provisions relating to application of the Taxonomy Regulation, *i.e.* the Climate Delegated Regulation of June 4, 2021 and the Delegated Act of July 6, 2021, and (ii) in accordance with the methodology described in section 5.8 *Methodology note*.

#### Presentation of Danone's Taxonomy indicators

##### Sales

For the first two climate objectives applicable as of 2021, the European Commission prioritized business sectors that contribute significantly to greenhouse gas emissions at the EU level. As the food and beverage sector is not regarded as contributing substantially to these first two objectives, Danone's activities are not eligible within the meaning of the Taxonomy Regulation. Consequently, no eligible sales were identified in 2021. Danone will therefore carefully monitor the future publication of regulatory texts relating to the four other environmental objectives in the Taxonomy Regulation and their application to its activities.

##### Operating expenditures (OpEx)

The amount of OpEx within the meaning of the Taxonomy Regulation represents less than 3% of Danone's operating expenditures for fiscal year 2021 and is not considered to be significant.

##### Capital expenditures (CapEx)

Because its activities are not eligible, Danone's eligible CapEx (i) does not include CapEx associated directly with its activities and (ii) only concerns CapEx used for "individually sustainable measures", as defined in the Taxonomy Regulation, that aim to reduce greenhouse gas emissions. Eligible CapEx represented 23.7% of acquisitions of property, plant and equipment and intangible assets for fiscal year 2021 (8.8% excluding leased assets).

This eligible CapEx relates mainly to long-term leases on buildings and vehicle fleets and to the construction and renovation of existing buildings, irrespective of technical criteria. It also includes CapEx that improves energy efficiency of buildings.

### Provisions and guarantees for environmental risks

No significant provision for environmental liabilities and risks was recognized on Danone's consolidated balance sheet as of December 31, 2021.

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## FIGHT AGAINST CLIMATE CHANGE

### Definition

**Identifying the risks related to climate change**

Danone has assessed the consequences of climate change and identified the following medium-term risks:

- availability of ingredients (milk, fruit, etc.) in regions exposed to drought and bad weather;

- exceptional climate events that could affect production sites located near coastlines;

- availability of water resources and degradation of watersheds and groundwater, with a potential impact on Danone's activities and relations between the subsidiaries and local stakeholders;

- price volatility for its product packaging materials and impacts on its activities;

- financing the transition toward more sustainable agricultural practices.

Furthermore, as part of the recommendations made by the Taskforce on Climate-related Financial Disclosures (TCFD), Danone has mapped the potential and existing impacts of climate change, as well as the climate-related risks and opportunities (see table hereafter). This information has enabled it to develop three climate change scenarios based notably on IPCC's Representative Concentration Pathways (including 1,5°C pathways), carbon prices, evolution of agricultural production systems and consumer dietary patterns. It also enabled Danone to assess the resilience of its activities, its strategy and the related financial impacts. This map has reinforced the Company's development strategy relating to plant-based products, its ambitious regenerative agriculture program and its circular economy approach.

Over the period 2020-2030, transition risks and opportunities are the most significant for Danone, as illustrated in below table, while physical risks are expected to become more significant over the period 2030-2050.

| Risk and opportunity categories | Risk and opportunity descriptions | Probability of occurring between 2020 and 2030 | Significance of the potential financial impact 2030–baseline scenario [a] | Significance of the potential financial impact 2030–alternative scenarios [a][b] |
|---|---|---|---|---|
| Transition risks | Shift to plant-based alternatives | High | ++ | +++ |
| | Growing consumer engagement in fighting climate change | High | ++ | +++ |
| | Carbon pricing in the procurement of packaging and logistics | Medium | ++ | ++/+++ |
| | Carbon pricing in the cost of direct operations | Medium | ++ | ++ |
| | Increasing reporting obligations | Medium | + | + |
| Physical risks | Water stress and thermal stress on the milk supply chain | Medium | ++ | ++ |
| | Water stress and thermal stress on agricultural ingredients | Medium | ++ | ++ |
| | Extreme events affecting direct operations | Low | +++ | +++ |
| | Water stress on direct operations | Low | ++ | ++ |
| | Impact of climate change on product use | Low | + | + |

(a) The significance of the financial impact has been assessed on the basis of the reduction in the Company's profit margin if the risk occurs.

(b) Some risks have two impact assessments because their financial impact differs depending on which climate change scenario is concerned.

### Policies and action plans

**Climate Policy**

As part of its Climate Policy, Danone pledged in 2015 to achieve net zero emissions throughout its entire value chain by 2050 (scopes 1, 2 and 3, *i.e.* all direct and indirect emissions, including those of suppliers and consumers) by reducing its greenhouse gas emissions and offsetting remaining emissions. In 2019, Danone underlined its pledge by signing the "Business Ambition for 1.5°C pledge" at the UN Climate Summit. In order to reach its Net Zero goal, Danone has developed the following strategy:

- cutting greenhouse gas emissions;

- transforming the agricultural practices of its supply chain;

- keeping more carbon in the ground;

- eliminating deforestation from its supply chain;

- offsetting remaining GHG emissions.

**Cutting greenhouse gas emissions**

Danone's greenhouse gas emissions reduction trajectory is consistent with the United Nations Framework Convention on Climate Change (UNFCCC). To achieve this, in 2017 the Company set the following interim targets, which were also approved by the Science Based Targets initiative (SBTi) and are in line with 2°C pathways:

- reduce its emissions intensity by 50% on its full scope of responsibility (scopes 1, 2 and 3) between 2015 and 2030;

- reduce its absolute emissions by 30% on scopes 1 and 2 between 2015 and 2030.

In 2019, Danone pledged to define targets for cutting greenhouse gas emissions in line with the 1.5°C climate change scenario (keeping global warming below 1.5°C), and it is working on building its new trajectory. In this context, Danone is a member of the working group led by the Science-Based Targets initiative (SBTi) to define 1.5°C pathways for the Forest, Land and Agriculture sectors (FLAG project).

Lastly, as part of the RE100 initiative, Danone has pledged to shift to 100% renewable electricity by 2030, with the first interim milestone of 50% achieved in 2020 (see section *Outcomes*).

### Transforming agricultural practices and keeping more carbon in the ground

Danone has placed agriculture at the center of its low-carbon strategy, notably through the implementation of regenerative agriculture practices. By adopting these practices, partner producers reduce their greenhouse gas emissions, thereby improving soil quality and keeping more carbon in the ground (carbon sequestration). Danone is working to implement its strategy by participating in many actions of the Sustainable Agriculture Initiative (SAI) Platform and the "4 per 1000" international platform, which serve as a catalyst for cooperation regarding soil health and carbon sequestration (see section *Transition toward regenerative agriculture*).

### Eliminating deforestation from the supply chain

At the end of 2021, Danone continued to progress towards its goal to eliminate deforestation in its supply chain, focusing on key forest risk raw materials—palm oil, paper and board and soy.

The deforestation-related action plans of Danone are based on two general policies—its Forest Footprint Policy and its Packaging Policy—and three special policies assessed by the Global Canopy Program (Palm Oil, Soy, and Paper and Cardboard Packaging). Danone publishes a dedicated report annually on its website on the progress made regarding key ingredients.

#### *Forest Footprint Policy*

In 2012, Danone launched its Forest Footprint Policy to eliminate deforestation from its supply chain by end of 2020, focusing on six main raw materials: palm oil, soy, paper and cardboard packaging, wood biomass, sugar cane, and bio-based raw materials for packaging. Danone is currently reviewing its Deforestation Policy.

#### *Palm Oil Policy*

Danone has pledged to ensure the traceability and provenance of the palm oil it uses. It must come from plantations whose expansion does not threaten forests, in particular High Conservation Value (HCV) and High Carbon Stock (HCS) or tropical peatland. Also, the plantations must respect the rights of indigenous populations and local communities as well as the rights of all workers.

In 2021, Danone used approximately 67,498 metric tons of palm oil (compared with 65,600 metric tons in 2020).

Danone works with Earthworm Foundation (a not-for-profit that supports the creation and development of solutions that address environmental and social issues) to ensure traceability of palm oil. In 2021, through detailed mill mapping for the first semester of 2021, Danone was able to demonstrate the full effect of the North America volume transition to RSPO (Roundtable on Sustainable Palm Oil) Segregated. Globally, 93% of the palm oil sourced by Danone was certified RSPO Segregated, 5% was certified RSPO Mass Balance and the remaining 2% was "conventional" palm oil purchased in Africa. The slight drop of RSPO Segregated compared to 2020 is due to volume changes and local sourcing in Africa. In the first semester of 2021, according to its most recent mill mapping, Danone reached 99.8% traceability to plantation, up from 84.7% in the second semester of 2020.

These initiatives were recognized by the CDP and enabled Danone to obtain for the second year in a row the highest score possible in the CDP Forests–Palm Oil questionnaire for its transparency and its environmental performance in fighting deforestation.in the CDP Forests–Palm Oil questionnaire for its transparency and its environmental performance in fighting deforestation.

In addition, the Company continues to publish updated list of its palm oil direct suppliers and mills as well as the grievance process on its website.

#### *Soy Policy*

Danone has pledged to contribute to the development of a responsible supply chain for the soy used in its plant-based products and for use in animal feeds. Its Soy Policy consists of increasing transparency across its entire supply chain and notably promoting local protein-rich crops, alternatives to soy imports that help local farmers become more autonomous in animal feed production. Its goal is also to ensure the traceability of the soy used in animal feed for dairy cows from regions with a low deforestation risk. Danone also works with the Round Table on Responsible Soy (RTRS) association for the purchase of credits supporting the transition toward sustainable soy.

Danone's soy consumption and its use in its plant-based products are described in section 5.5 *Upstream supply chain transparency*.

#### *Packaging Policy and Paper and Cardboard Packaging Policy*

Through its Packaging Policy, Danone aims to guarantee the circularity of its packaging and accelerate the transition towards a global circular economy (see section *Circular economy*).

Danone has also developed a special Paper and Cardboard Packaging Policy with several leading NGOs (notably Rainforest Alliance), setting out three aims:

- switch to lighter-weight packaging across its product range;
- use recycled fiber whenever possible;
- if not, use FSC certified virgin fibers or equivalent.

In 2021, Danone used 99.8% of paper and board packaging made of recycled fibers or virgin certified (FSC, PEFC, SFI) fibers (98% in 2020).

Beyond its policies and action plans, Danone is committed to continuing to work with its peers and suppliers to accelerate progress and foster systemic change on this issue.

### Offsetting emissions

Danone pledges to offset remaining greenhouse gas emissions while implementing solutions intended to improve the quality of life of the most vulnerable communities. Accordingly, Danone takes part in reforestation programs and schemes to restore natural ecosystems, notably through the Carbon Livelihoods Fund, of which Danone is a partner Company. The aim of the Livelihoods Carbon Fund is to sequester or avoid 20 million metric tons of $CO_2$ emissions over 20 years through a dozen projects in Asia, Africa and Latin America.

#### *Carbon neutrality of its brands and production sites*

Danone also builds its net zero commitment around the carbon neutrality of its brands, whose climate action accelerated in 2020 when its *evian* and *Volvic* brands achieved carbon neutrality. More generally, the brands in the Waters Reporting Entity have pledged, *via* the WeActForWater collective, to achieve carbon neutrality in Europe by 2025. Furthermore, the *Horizon Organic* (EDP Reporting Entity) brand has committed to do so by 2025 and the brands *Karicare* (Specialized Nutrition Reporting Entity) and *Happy Family* (Specialized Nutrition Reporting Entity) by 2030.

In addition, the production plant Poços de Caldas in Brazil has been certified by the Carbon Trust in 2021 on the 3 environmental

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goals: carbon neutrality, water reduction and zero-waste to landfill. The site is fully powered by renewable electricity, part of which is generated by the 1,500 solar panels covering the parking lots and walkways of the production site.

## Outcomes

### External recognition

In 2021, CDP recognized Danone as one of the world's leading companies in terms of its environmental performance and its transparency in fighting climate change, fighting deforestation and protecting water resources, for the third consecutive year, being one of only fourteen companies in the world awarded with the "triple A" rating for its 2020 performance in the CDP Climate Change, CDP Forests and CDP Water questionnaires.

Since 2018, Danone has used an environmental performance criterion in its Group Performance Shares plans for approximately 1,500 of its senior executives, based on its CDP Climate Change score. In 2021, Danone strengthened this environmental performance condition by taking into account, in addition to its performance in the CDP Climate Change, its performance in the CDP Forests and CDP Water (see section 6.4 *Details of long-term incentive plans*).

CDP has also recognized the Company as a world leader for its strategy and actions to fight climate change with the suppliers in its supply chain. As a result of its 2021 actions, it was included for the fourth consecutive year in the CDP Supplier Engagement Leaderboard.

### Greenhouse gas emissions

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

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

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

Danone sets its scope 1 and 2 emissions targets according to the GHG Protocol "market-based" method in order to reflect the share of renewables in its energy mix (Greenhouse Gas Environment scope, see Methodology Note).

Its total emissions in metric tons of $CO_2$ equivalent for scopes 1 and 2 decreased by 14.8% between 2020 and 2021, mainly due to the switch to renewable electricity sources in Indonesia, Russia and Mexico. On a like-for-like basis, these emissions decreased by 14.9% compared to 2020 and 48.3% compared to 2015.

| | Year ended December 31 | |
|---|---|---|
| Scope 1 and 2 emissions, market-based *(in ktCO₂)* [a] | **2020** | **2021** |
| Scope 1 | 668 | 683 |
| Scope 2 | 479 | 295 |
| **Total Scopes 1 & 2** | **1,147** | **978** |
| **Absolute emissions reduction, scopes 1 and 2, market-based since 2015** | **38.1%** | **48.3%** |

(a) Greenhouse Gas scope, see Methodology Note.

### Greenhouse gas emissions on scope 3

Danone measures indirect emissions from the following scope 3 categories (Greenhouse Gas Environment scope, see Methodology Note).

| | | Year ended December 31 |
|---|---|---|
| *(in ktCO₂ eq)* | **2020** | **2021** |
| Purchased goods and services | 19,921 | 19,371 |
| Upstream transportation and distribution of goods | 322 | 300 |
| Downstream transportation and distribution of goods | 1,627 | 1,365 |
| Use of sold products | 1,886 | 1,545 |
| End-of-life treatment of sold products | 783 | 769 |
| Fuel and energy related activities | 284 | 259 |
| Waste generated by operations | 153 | 125 |
| **Total Scope 3** | **24,974** | **23,733** |

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

| | | Year ended December 31 |
|---|---|---|
| *(in ktCO₂ eq)* [a] | **2020** | **2021** |
| Scope 1 | 668 | 683 |
| Scope 2 [b] | 479 | 295 |
| Scope 3 | 24,974 | 23,733 |
| **Total Scopes 1, 2 and 3** | **26,122** | **24,711** |
| **Emissions intensity ratio scopes 1, 2 and 3** *(in grams of CO₂ eq/kg of product sold)* | **756** | **679** |
| **Reduction in intensity on a like-for-like basis since 2015** | **24.5%** | **27.1%** |

(a) Greenhouse Gas scope, see Methodology Note.
(b) Market-based.

Danone's total emissions from its value chain in 2021 for scopes 1, 2 and 3 amount to 24.7 million metric tons of $CO_2$ equivalent compared to 26.1 million in 2020, mainly due to a methodological alignment with the Product Environmental Footprint Category Rules (-0.75 million metric tons $CO_2$ equivalent), the results of the action plans relating to regenerative agriculture (-0.35 million metric tons $CO_2$ equivalent) and continuing to adopt energy sources that produce lower $CO_2$ emissions under the Company's RE100 commitment, mainly consisting of green electricity (- 0.2 million metric tons $CO_2$ equivalent). In 2021, Danone reduced its full scope GHG emissions by 3% ◉ on a like for like basis, compared to 2020.

The ratio of Danone's total emissions across its value chain on scopes 1, 2 and 3 decreased by 10.1% between 2020 and 2021. On a like-for-like basis, this ratio decreased by 2.4% compared to 2020, due to the results of regenerative agriculture projects and the adoption of energy sources that produce lower $CO_2$ emissions. On a like-for-like basis, this ratio is decreasing by 27.1% compared to 2015, mainly as a result of productivity gains among producers from which Danone purchases its milk directly and the global milk supply chain, as well as increased purchases of electricity from renewable sources.

In 2021, Danone continued to measure the effects of its ambitious plan to shift to regenerative agriculture, particularly in the following countries (see section *Transition toward Regenerative Agriculture*):

- in Russia, due to continuous improvement of cow performance to reduce methane emissions; through genetic improvement and overall optimized herd management and feed efficiency and increase use of low carbon feed with increase by-products and reduce soy-based feed;

- in Brazil, due to action plans to convert manure into organic fertilizers through compost and biodigesters, the traceability of animal feeds in areas with no deforestation risks and improved cow productivity;

- In France, Danone measured the results of Les 2 Pieds sur Terre program launched in 2017 with the objective of reducing the emission factor of partner farms by 15% by 2025, in colla-boration with Danone Ecosystem fund, Livestock institute, and Miimosa that helped French farmers in their environmental footprint reduction journey thanks to training, diagnosis and technical support. Overall, around 1,400 farmers participate to the program and helped to achieve almost 10% reduction of emission factor of partner farms compared to 2016.

◉ Performance indicators monitored as part of Danone's Entreprise à Mission status.

With 96% of Danone's total emissions across its value chain, scope 3 represents the largest contributor, more than those from scope 1 (2.8%) and scope 2 (1.2%).

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



**1 % Scope 3**
**Full- and energy-related activities**

**3 % Scope 3**
**End of life treatment of sold products**

**1 % Scope 3**
**Upstream transporation and distribution of goods**

**1 % Scope 3**
**Waste generated in operations**

**3 % Scope 1**

**1 % Scope 2**

**6 % Scope 3**
**Downstream transporation and distribution of goods**

**6 % Scope 3**
**Use of sold products**

**7 % Scope 3**
**Purchased goods and services : Purchased finished products**

**11 % Scope 3**
**Purchased goods and services: Packaging**

**Total emissions breakdown in 2021** (a)

**36 % Scope 3**
**Milk**

**Agricultural emissions breakdown in 2021** (a)

**9 % Scope 3**
**Other raw materials**

**16 % Scope 3**
**Dairy ingredients**

(a) Greenhouse Gas scope, see Methodology Note.

Danone has disclosed a carbon-adjusted recurring EPS evolution that takes into account an estimated financial cost for the absolute GHG emissions on its entire value chain. In 2021, and following the decrease of full scope emissions, the cost of carbon per share has decreased by -4.9%, following a -4.1% decrease in 2020. In 2021, the carbon adjusted recurring EPS increased by 1.7% when the recurring EPS decreased by -1.1% (see section 3.2 *Examination of consolidated income* and 5.8 *Methodology Note*).

*Energy efficiency and renewable energies*

| | Year ended December 31 | |
|---|---|---|
| *(in MWh)* | **2020** | **2021** |
| Thermal energy [a] | 3,223,381 | 3,203,185 |
| Electricity [a] | 2,015,977 | 1,995,902 |
| **Total** | **5,239,358** | **5,199,087** |
| Energy consumption intensity *(in kWh per metric ton of product)* | 149.2 | 149.2 |
| **Total reduction in energy intensity since 2000** *(in kWh per metric ton of product)* | **46%** | **46%** |

(a) Production Site Environment scope, see Methodology Note.

Energy consumption intensity remains stable in 2021 compared to 2020.

*Intensity of total energy consumption at production sites*
*(in kWh per metric ton of product)*

| Year | 2000 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Value | 275 | 186.2 | 163.3 | 158.9 | 151.6 | 147.1 | 137.7 | 149.3 | 141.9 | 134.9 | 133.8 | 148.6 | 146.9 | 149.2 | 149.2 |
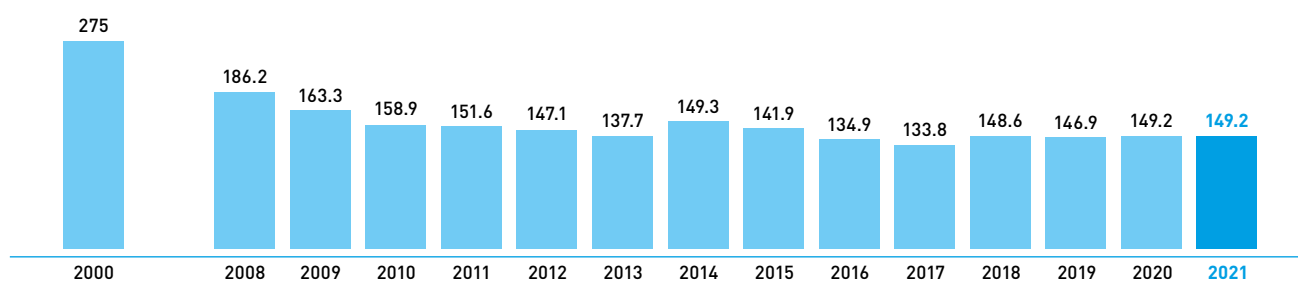
At end-2021, total energy consumption intensity at production sites declined by 46% compared to 2000 (stable compared to 2020).

*Energy efficiency initiatives*

To improve its energy efficiency, Danone makes use of two main drivers: optimization of energy production at its sites, and optimization of its energy use. This trend is further enhanced by the systematic sharing of best practices among production sites.

*Renewable energy use*

| | Year ended December 31 | |
|---|---|---|
| | **2020** | **2021** |
| Production sites purchasing 100% renewable electricity [a] | 74 | 87 |
| Percentage of renewable electricity [a] | 54.3% | 68.5% |
| Percentage of renewable energy [a] | 24.5% | 29.8% |

(a) Production Site Environment scope, see Methodology Note.

As part of the RE100 initiative, 87 production sites purchased electricity from 100% renewable sources (wind, hydro, etc.) in 2021, contributing to a total of 68.5% of Danone's electricity purchases in 2021 (compared to 54.3% in 2020). Furthermore, its total energy use from renewable sources (electricity and thermal) represented 29.8% of its total energy use in 2021 (compared to 24.5% in 2020).

## Opportunities

Danone works closely with all stakeholders in the value chain to strengthen the traceability of its supplies and deploy Regenerative Agriculture practices in order to increase the resilience of its producers and secure its purchases. Furthermore, its commitment in these areas in recent years enables it to anticipate the growing demand for transparency by consumers and regulators. The fight against climate change also provides a response to new consumption trends.

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

Danone's disclosures related to climate change are in line with the recommendations of the TCFD. The following reconciliation table makes it possible to identify the main information of this Universal Registration Document with disclosures related to these recommendations.

5

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|---|---|
| **Governance** | |
| a. Oversight by the Board of Directors of climate-related risks and opportunities | 6.1 |
| b. Management role in assessing and managing climate-related risks and opportunities | 5.1, 5.3, 6.1 |
| **Strategy** | |
| a. Climate-related risks and opportunities identified over the short, medium and long term | 2.6 |
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| **Risk management** | |
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| **Metrics and targets** | |
| a. Metrics used to assess climate-related risks and opportunities, in line with the Company's risk management strategy and process | 5.1, 5.3 |
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| c. Targets used to manage climate-related risks and/or opportunities and the Company's performance against these targets | 5.3, 6.4 |

# TRANSITION TOWARD REGENERATIVE AGRICULTURE

## Definition

For Danone, agriculture is the biggest source of greenhouse gas emissions (representing 61% of total emissions in 2021), and the main source of water use. Believing that agriculture can be a part of the response to climate change, Danone is firmly committed to regenerative agriculture that includes organic agriculture and promotes practices that protect the soil, biodiversity and animal welfare while also supporting farmers in the transition toward more resilient agricultural models that protect natural resources.

## Policies

In 2021, Danone published its Regenerative Agriculture Framework that complements and strengthens the earlier White Paper (2015). This framework details the concept of regenerative agriculture as well as it defines a set of practices and a plan to drive the transformation on the ground. Danone's regenerative agriculture approach is based on the following three pillars:

● protecting soils, water and biodiversity (reinforced by the Water Policy);

● empowering new generations of farmers;

● respecting animal welfare.

Concerning the last pillar, Danone has made a number of pledges which are formalized in the Animal Welfare Position Paper and for which it publishes a progress report every year. Danone's approach was developed in collaboration with the NGO Compassion in World Farming (CIWF) and is based on the five freedoms internationally recognized by the Farm Animal Welfare Council.

## Action plans and outcomes

In 2021, 66% of the entities developed projects in line with at least one of the three pillars of the regenerative agriculture framework regarding the main raw materials it uses (Danone Way scope, see Methodology Note), compared with 70% in 2020. For example, the Company's French subsidiaries have pledged to produce 100% of the ingredients grown in France from regenerative agriculture by 2025. In order to achieve this, Danone France is working on various projects such as the "Pachamama" project in collaboration with the *Blédina* brand, the Danone Ecosystem Fund and French associations supporting French fruits, vegetables and cereals farmers in the application and dissemination of regenerative agriculture practices that respect soil health and biodiversity.

With regard to its employees, Danone has deployed an e-learning module in 2021 that covers the three pillars of its Regenerative Agriculture Framework and the actions of its brands to implement them.

### Protecting soils, water and biodiversity

Danone aims to restore the quality of soils through regenerative agriculture with a focus to enhance soil organic matter content, help sequester more carbon, strengthen biodiversity, and retain more water (see section *Preservation of the water resource*).

To this end, Danone works directly with farmers to develop action plans and help them implement new soil protecting practices. In France, through the "C'Haies Parti!" project, the Company helps farmers preserve biodiversity by planting hedgerows around their crops. With this project, Danone is expecting to plant 30,000 meters hedgerows. The project will also help improve biodiversity, soil health, water quality while storing carbon.

Danone is working on good soil health practices at farm level (such as reducing tillage or use of cover crops and inter-crops) that are implemented in France, the United-States and South Africa. These practices allow the regeneration of the natural biodiversity of the soil ecosystem and the local farming ecosystem.

Danone's approach includes working with many partners, NGOs, universities and agricultural technicians to promote the adoption of best agricultural practices. For example, Danone created the worldwide Farming for Generations (F4G) alliance in 2019 that brings together 8 leading agricultural players across the entire dairy value chain and 3 world renowned advisory partners (Wageningen University, WWF France and Compassion in World Farming). This alliance aims to provide a forum for peer-to-peer exchanges of information on topics such as animal welfare, herd management, emissions reduction, soil health or biodiversity, with a continuous improvement approach. With more than 50 case studies from the field Danone is already applying the learnings and best practices on its own farms. In 2021, the Company set up programs in 34 farms in 8 countries (in Europe, Russia and the United States). By the end of 2022, F4G expects to reach more than 2000 farmers with best practices for increased profitability and positive environmental impact.

The Company also collaborates within its supply chain with the suppliers of key ingredients by developing partnerships such as the one co-developed with Friesland Campina on projects of greenhouse gas emissions reduction in farms. Adopting a collective action approach, the Company continues to help protect biodiversity by working on joint pilots within the One Planet Business for Biodiversity (OP2B) coalition formed in 2019, consisting of 26 companies as of December 31, 2021.

All of these measures reduce greenhouse gas emissions from farms and increase the rate of carbon sequestration in the soils, thus they contribute to Danone's net zero emissions objective.

### Empowering new generations of farmers

#### *Development of sustainable relationships with farmers*
Since farmers are the main actors in the transition toward regenerative agriculture, Danone has developed dedicated farmer-support mechanisms. A global regenerative agriculture scorecard developed with WWF France has been deployed to support the improvement of farmers' practices and to assess the impact of the new Regenerative Agriculture Framework on the ground. In addition, the Company works on the generations' renewal issue in farming. To this end, Danone has deployed several projects as for example in Spain where it supports young people to become farmers by providing them training, technical and business planning support, and creating farmers network for experience sharing. Finally, Danone ensures health and safety as well as the respect of human rights across its agricultural supply chain (see section 5.5 *Focus on Agricultural supply chain*).

Danone North America responded to the ongoing complexity and regional challenges related to organic dairy in the Northeast US. This resulted in a strategic shift to prioritize organic farms in closer proximity to the Company's manufacturing footprint. Danone worked to provide support directly to the impacted dairy farmers beyond industry standard and in an effort to partner in the transition by providing: (i) 18 months of notice prior to contract non-renewal, (ii) a premium on purchases during the last six months of the contracts, (iii) farm consultants to farmers. The Company remains connected with government officials and advocates to ensure ongoing support of the farmers in this region.

#### *Access to training, equipment and funding*
The social innovation funds financed by Danone are one example of how the Company provides farmers with access to additional funds to support a positive and sustainable transformation of agricultural chains. For example, the "Beet it!" project in France aims to support

and train 200 farmers and 14 agronomists and technicians in the transition to regenerative agriculture, so that sustainable practices can be implemented on 2,500 hectares of land by 2025. The project will provide technical and financial support, research and development on machine adaptation, and market access to ensure farmers' economic stability during the transition.

Since 2018, Danone in France has invested €40 million in upstream agriculture to support the transition to regenerative agriculture. For its Specialized Nutrition Reporting Entity, 69% of its raw materials grown in France (fruit, vegetables and cereals) have been evaluated with Danone regenerative agriculture scorecard.

In addition, in 2021, Danone launched a Regenerative Agriculture Knowledge Center to provide resources to farmers and others interested in regenerative agriculture practices.

These actions all contribute to the target that Danone has set as part of its strategic 'Enterprise a Mission' agenda: to have 15% of its volume of key ingredients sourced directly from farms having started the transition towards regenerative agriculture by the end of 2021. This is a key initial step for Danone, which aims to have all of its partner farmers adopt this approach. In 2021, Danone reached 19.7% ◉.

### Respecting animal welfare
Danone views animal welfare as an essential element of its strategy since animals can bring circularity to agriculture, particularly for livestock that eat grass, food industry by-products or crop residues inedible to humans, and thanks to the use of their manure as a natural fertilizer for the fields.

In 2021, Danone has assessed animal welfare for 84% of volume of its fresh milk produced *via* the Company's animal welfare assessment tool for diary cows or the Validus certification in the case of USA-based farms, vs. 87% in 2020. Danone also carried out nearly 2,700 audits at a farm level, which scores farms on a scale from 0-100 points. In 2021, the average score was 70 points and increased by 3 points compared to 2020. Furthermore, the number of farms not compliant was reduced by 75% between 2020 and 2021, emphasizing the best practices implemented.

In 2021, the Danone animal welfare assessment tool won the "Special Recognition Award 2021" in the Innovation category, organized by the global NGO Compassion In World Farming (CIWF).

With the signature of the Broiler Chicken Act, Danone has pledged with its suppliers to improve the rearing conditions of their broiler chickens by 2026, and the animal living conditions and crowding in general. In the Specialized Nutrition Reporting Entity, 100% of sheep and beef cattle had access to pasture in 2021. As for eggs and egg ingredients, 100% come from cage-free farms. Since the beginning of 2020, 100% of Danone's contracts related to eggs and egg ingredients comply with the Company's "cage-free" pledge. Danone reports its progress on its animal welfare commitments in a dedicated report available on the Company's website.

In 2021, Danone was rated Tier 2 by the Benchmark for Farm Animal Welfare, showing Danone's commitment to include animal welfare in its business strategy.

## Opportunities
In 2021, Danone has continued to bring together farmers, agricultural experts and public and private sector partners to advance the transition to regenerative agriculture.

◉ Performance indicators monitored as part of Danone's Entreprise à Mission status.

# CIRCULAR ECONOMY

## Circularity of packaging

### Definition

Danone works to offer nutritious, high-quality food and drinks in packaging that is 100% circular. This means eliminating the packaging it does not need, innovating so all the packaging it needs is designed to be safely reused, recycled or composted and ensuring the material it produces stays in the economy and never becomes waste or pollution. Danone works with numerous value chain stakeholders to accelerate the transition to a circular economy.

### Policies, action plans and outcomes

#### Packaging Policy

In its Packaging Policy, Danone has pledged to ensure a transition from a linear to a circular economy for the packaging used by its Reporting Entities. This ambition is translated into a series of commitments described below as well as in the WeActForWater initiative by the Waters Reporting Entity (see the Danone website for more information).

All these commitments are translated into local roadmaps and action plans.

| PILLARS AND COMMITMENTS | ACTION PLANS AND OUTCOMES |
|---|---|
| **Packaging designed for circularity** <br> *By 2025:* <br> &bull; *design all its packaging to be 100% recyclable, reusable or compostable;* <br> &bull; *act to eliminate problematic or unnecessary plastic packaging;* <br> &bull; *launch alternatives to plastic and single-use packaging across all major markets of the Waters Reporting Entity.* | Danone works to increase the circularity of its packaging by means of action plans in its brands, including the following: <br><br> &bull; **accelerating reuse models:** in many countries, such as Indonesia, Mexico and Turkey, Danone sells reusable water containers, as well as reusable glass packaging for the hotel, cafés and restaurant industry. In 2021, more than 50% of worldwide sales volumes by the Waters Reporting Entity were sold in reusable packaging; <br><br> &bull; **eliminating problematic or unnecessary packaging and diversifying the use of materials:** Danone has pledged to eliminate the use of polystyrene in its packaging worldwide by 2025 (in 2024 in Europe). In 2021, the Company has continued its transformation with the launch of PET yoghurt pots in Belgium in addition to UK, France and Spain. Danone also launched multiple SKUs in paper-based cups in France and Germany. It has also eliminated more than 230 million plastic drinking-straws and eliminated or replaced 18 million plastic spoons, mainly in Europe. <br><br> Danone works on eliminating PVC since it interferes with the recycling process for PET. In 2021, Danone phased out PVC sleeves from the bottles of *Mizone* (Waters Reporting Entity, China) and *Blédina* (Specialized Nutrition Reporting Entity, France). <br><br> &bull; **innovating in consumption models:** after successful piloting phase, *evian* started the commercialization through evianchezvous.com, of its "(re)new" system, an innovation in home hydration dispenser that significantly reduces plastic packaging (consuming 66% less plastic than a 1.5-liter bottle). Danone also launched two references of lactic ferments that allow consumers to make their own homemade Danone yogurts and reduce waste. <br><br> Consequently, 84% ◉ of the packaging is recyclable, reusable or compostable in 2021 (81% in 2020). Specifically for plastic packaging, it represented 74% (67% in 2020). During the year, the Company used 750,994 metric tons of plastic (compared with 716,500 in 2020). |

◉ Performance indicators monitored as part of Danone's Entreprise à Mission status.

| PILLARS AND COMMITMENTS | ACTION PLANS AND OUTCOMES |
|---|---|
| **Packaging that is reused, recycled or composted in practice**<br>*By 2025:*<br><br>• *achieve or even exceed collection targets defined by the authorities (in particular, support the European Union's target of a 90% or greater plastic bottle collection rate);*<br><br>• *launch or support collection and recycling initiatives in Danone's 20 largest markets, which account for approximately 90% of its sales.* | Danone is working to develop efficient and inclusive collection and recycling channels, through a collaborative approach with its ecosystem.<br><br>Danone is supporting Extended Producer Responsibility principle including Deposit Return Schemes for beverage bottles. Danone is also working on co-building efficient collection systems, engaging with local partners notably in Europe and North America to create sustainable recycling streams for yogurt pots.<br><br>The Company also supports countries where infrastructures and recycling systems are not fully developed.<br><br>After a first pilot in 2020, *AQUA* brand (Water Reporting Entity, Indonesia) set up with Reciki, one of Indonesia's leading waste management companies, a second material recovery facility in September 2021. *AQUA* has also secured ambitious plans to expand across Indonesia through a co-investment with Circulate Capital Ocean Fund where Danone is a Limited Partner.<br><br>In addition, *AQUA* partnered with VEOLIA Indonesia to build the largest recycling and processing factory for the used PET plastic bottles in Indonesia. This partnership will allow the *AQUA* brand to reach its objective of having an average of 50% recycled plastic in its bottles by 2025.<br><br>Lastly, the Danone Ecosystem Fund continues to support inclusive recycling projects in six countries. In 2021, close to 800 jobs were created and more than 1,000 people were able to secure their income or see it increase, notably thanks to the Fund's support. |
| **Preserving natural resources**<br>*By 2021:*<br><br>• *market 100% recycled PET bottles in all major Danone markets;*<br><br>*By 2025:*<br><br>• *use 50% recycled materials in all Danone's packaging, notably plastic packaging (the initial target was fixed at 25%);*<br><br>• *use 50% recycled PET (rPET) for the Waters Reporting Entity (100% in Europe).* | Danone works to reintegrate recycled materials in its packaging and increase the use of renewable materials.<br><br>In 2021, Danone achieved the following results:<br><br>• 10.4% recycled materials on average in its plastic packaging (compared with 10.3% in 2020);<br><br>• 20.6% recycled PET (rPET) used on average by the Waters Reporting Entity (compared with 19.8% in 2020) and 27.4% in countries where local standards and regulations allow (compared with 25.5% in 2020);<br><br>• 38.7% of rPET is used on average in the evian bottle range (compared with 31% in 2020)<br><br>In 2021, Danone launched new 100% rPET bottles in France, Spain, Indonesia, Brazil and Uruguay.<br><br>Lastly, in order to further reduce fossil resource use, Danone is exploring the development of renewable and bio-based materials. Beyond paper-based cups, the Company has launched bio-based plastic packaging for its EDP Les 2 Vaches brand yogurt pots in France, which are made in PLA. |

Alongside its commitments, the Company is continuing to actively work with the Ellen MacArthur Foundation (EMF) as well as in other alliances to accelerate the transition toward a circular economy, including the WWF. It has also signed a call for the creation of a United Nations treaty to address the problem of plastic pollution.

In 2021, Danone developed an e-learning module on circular packaging for all its employees, with experts' input from EMF, with the objective to create understanding on circular economy and packaging, awareness about Danone context and actions and encourage critical thinking to foster transformation.

5

## Waste management

Danone monitors waste production and recovery through implementing practices such as recycling, reuse, composting and waste-to-energy. The Company's production sites seek to maximize the recovery rate for their waste through on-site sorting and staff training. To that end, these sites enter into agreements with subcontractors that can recover the various types of waste generated.

|  | 2020 | 2021 |
|---|---|---|
| **Industrial waste [a]** | | |
| Total quantity of industrial waste *(in ktons)* | 433 | 364 [b] |
| Ratio of total quantity of industrial waste per metric ton of product *(in kg/tons)* | 12.3 | 10.4 [b] |
| Proportion of industrial waste recovered | 91.2% | 91.9% [b] |
| **Packaging industrial waste [a]** | | |
| Total quantity of packaging industrial waste *(in ktons)* | 116 | 115 |
| Ratio of total quantity of packaging industrial waste per metric ton of product *(in kg/tons)* | 3.3 | 3.3 |
| Proportion of packaging industrial waste recovered | 96.7% | 97.3% |
| Proportion of plastic packaging waste recovered | 96.6% | 96.5% |

(a) Environmental scope Production sites, see Methodology Note.
(b) Excluding Water Division sites for Food Waste.

The amount of industrial waste generated per metric ton of product declined by 16% between 2020 and 2021, due mainly to a decrease of food waste generated in production sites. In 2021, the recovery rate for industrial waste increased by 0.7 point compared to 2020 (Production Site Environment scope, see Methodology Note).

The recovery rate for plastic packaging waste at the production sites totaled 96.5% in 2021 (compared with 96.6% in 2020). In 2021, 2.7% of post-industrial packaging waste was sent to landfill. The target is to achieve 0% by 2025.

## Reducing food waste

### Definition

Danone's target is to (i) reduce waste in its operations and its supply chain, notably by combating food loss and recovering food waste, and (ii) help reduce loss and waste prior to and following its direct operations by means of partnerships, consumer education or improved product markings.

### Policies

One of the Company's drivers for change is the optimization of its production processes by measuring waste at all of its production sites except its Waters Reporting Entity bottling plants, in accordance with the Food Loss and Waste Protocol, the leading international guidelines for monitoring food waste, developed by the World Business Council for Sustainable Development (WBCSD).

Under the resolution against food waste adopted by the Consumer Goods Forum in 2015, Danone has pledged to reduce its non-recovered food waste by 50% between 2016 and 2025.

The Company strengthened this ambition by aligning with Sustainable Development Goal (SDG) 12.3's 10x20x30 Initiative and by going beyond non-recovered waste. To achieve this, Danone has committed to halve its food waste ratio (excluding waste intended for animal feed and the processing of biomaterials) throughout its operations and distribution chain between 2020 and 2030, on a like-for-like basis.

### Action plans

Danone adopts a collaborative approach to reducing food waste – from farm to fork – across its entire product portfolio, involving consumers, suppliers, distributors and partners in the process. The Company reduces food waste not only within its operations but all along its value chain as follows:

- **upstream,** by working with its suppliers. For example, the Company engaged three of its main fruits' preparation suppliers into the 10x20x30 platform, committing to reduce by half their food waste by 2030;

- **in its production sites, warehouses and logistics centers,** by creating a Food Waste Champions network in each production site in order to track and reduce food waste and loss within operations. This network enables to (i) foster the sharing and deployment of best practices among Danone's operations, (ii) enable the consistency of the reporting on food waste and loss and (iii) develop and implement audit methodology with external experts. Furthermore, the Company redistributes its surplus food to specialist charities in order to support vulnerable communities. Lastly, any unavoidable food waste is preferentially sent to recovery streams with higher valorization, consistently with Sustainable Development Goal 12.3;

- **downstream,** by acting to reduce waste through new consumers channels: in 2021, Danone worked with local partners such as Too Good To Go to raise awareness around food waste and inform consumers on date labeling. The Company started to shift its date labels from "use-by" date to "best-before" date in key European markets. In addition, Danone Germany introduced an online clearance sales shop for wholesalers in Germany and Austria. Through these new sales channels, Danone exclusively offers products with a shorter minimum freshness at discounted rates. In 2021, this online clearance sales shop was awarded the "Too Good For The Bin" prize in the category "digitalization" by the German Federal Ministry of Food and Agriculture.

**Outcomes**

Year ended December 31

| | Production sites [a][b] | | Production sites and supply chain [b][c] | |
|---|---|---|---|---|
| | **2020** | **2021** | **2020** | **2021** |
| **Food waste management** | | | | |
| Total quantity of food waste generated *(in ktons)* | 313 | 249 | 409 | 321 |
| Ratio of total quantity of food waste per metric ton of product sold *(in kg/tons)* | 36.3 | 29.2 | 46.8 | 35.7 |
| Ratio of total quantity of food waste recovered per metric ton of product sold *in kg/tons)* | 32.4 | 26.1 | 38.5 | 29.0 |
| Proportion of waste recovered | 89.3% | 89.4% | 81.2% | 81.1% |
| Ratio of total quantity of food waste non-recovered per metric ton of product sold *(in kg/ tons)* | — | — | 8,8 | 6.8 |
| **Reduction in the ratio of total quantity of food waste non-recovered per metric ton of product sold since 2016, on a like-for-like basis [d]** | — | — | -15.6% | -27.2% |
| Ratio of total quantity of food waste per metric ton of product sold, excluding waste intended for animal feed and the processing of biomaterials *(in kg/tons)* – SDG 12.3 | | | 24.3 | 23.00 |
| **Reduction in the total quantity of food waste per metric ton of product sold, excluding waste intended for animal feed and the processing of biomaterials – SDG 12.3, since 2020 on a like-for-like basis** | | | | -5.3% |

(a Production Site Environment scope, see Methodology Note.
(b) Excludes Waters Reporting Entity sites.
(c) Production Site Environment scope and Scope 3 downstream, see Methodology Note.
(d) Based on constant consolidation scope and methodology.

The ratio of the amount of food waste generated per metric ton of product at production sites declined by 19.6% between 2020 and 2021, mainly due to improvement of food waste reporting quality. The recovery rates of production sites, and the combined recovery rate of production sites and supply chain remained constant between 2020 and 2021.

## ♺ PRESERVATION OF THE WATER RESOURCE

### Definition

Water stewardship is a strategic focus for Danone's operations and supply chain and the Company's recognizes the strategic importance of the topic for planet Earth and its communities. Thus, the Company acts to preserve and restore natural ecosystems, wetlands and the natural water cycle while also continuing its actions to make safe drinking water accessible to the most vulnerable communities. Three fundamental principles guide these actions:

- rethinking the value of water by recognizing its direct benefits on water quantity and quality but also indirect benefits such as protecting biodiversity, improving soil health, and carbon sequestration as well as the socioeconomic impact of preservation and conservation projects;
- building an approach based on scientific, local and concrete facts and data and sharing data as wells as knowledge relating to territorial challenges;
- thinking and acting locally and collectively as part of an integrated approach to bring tangible results and positive effects for highly water-stressed areas.

### Policies

Danone has a Water Policy which sets 2030 objectives and promotes an innovative approach and integrated management of the resource. These are based on a thorough risk assessment and on local water cycle scientific diagnosis and performed with the support of Danone hydrogeological experts deployed in identified priority geographical areas in collaboration with local scientists. The actions involve the mobilization of all local water users, the joint design of action plans and the development of governance models ensuring long lasting of actions implemented. The actions are deployed within the following scopes:

- preserving water resources throughout its value chain;
- rethinking circularity within and around the production sites;
- providing access to safe drinking water for vulnerable people and communities.

This policy has already been applied to the Waters Reporting Entity specific business through the movement WeActForWater. A series of measures, targets and investments tailored to watershed preservation needs, access to safe drinking water, carbon neutrality and responsible packaging were deployed.

## Action plans and outcomes

In 2020, the Water Cycle team reviewed the water risk assessment process for its operations, taking into account the physical, regulatory and reputational risks, to provide (i) a detailed and structured picture of all watershed and production site risks, and (ii) the baseline for defining priorities and action plans. The methodology behind this risk assessment as well as the development of local mitigation plans follows various steps:

**1 WATERSHED RISKS ASSESSMENT**

That uses the Water Risk Filter tool developed by WWF to identify **watersheds located in areas with water physical risk** (including floods, water stress, scarcity…)

**2 OPERATIONAL WATER RISKS ASSESSMENT**

That is based on the Water Risk Filter tool developed by WWF to identify **the water-related risks** faced by the operating sites on **Physical, Regulatory and reputational water risks**

**3 LOCAL IMPLEMENTATION OF ACTION PLANS THROUGH LOCAL ROADMAPS**

Danone has set up a specific tool that guides the teams in:
(i) defining and implementing a **water stewardship project** (using SWAN methodology, set up by Danone) particularly in water-stressed areas
(ii) adopting the **most suitable practices** for the context to mitigate local water risks

To understand the proportion of water withdrawn from stressed areas, Danone uses the Water Risk Filter, a public database and interactive mapping tool, that provides information on water-related risks based on the exact localization of the production sites.

In addition, Danone assessed the water risk of its main 69 ingredients from its supply chain, through the Aqueduct water risk tool, from the World Resources Institute. This analysis, focused on water stress, highlights priority ingredients to deep dive on.

Danone brings together all internal stakeholders needed for the effective implementation of the Water Policy by means of (i) committees for information-sharing and joint design of action plans in production sites and watersheds, (ii) the creation of a special working group on water stewardship in the Danone supply chain (representing 89% of its water footprint), and (iii) work to implement regenerative agriculture.

Danone also works with its stakeholders on trainings. For example, during the COP26, Danone launched new open-source water stewardship training, developed in partnership with WWF and Ramsar, to help build local water stewardship capacities in and beyond Danone's value chain.

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

For this first pillar of the Water Policy, the Company pledges to:

- promote regenerative agriculture that respects the natural ecosystems and the water cycle;

- preserve and restore water resources by working collectively with all the water users and by using Nature Based Solutions (NBS). NBS provide actions to protect, sustainably manage, and restore natural and modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits.

| COMMITMENTS | ACTION PLANS AND OUTCOMES |
|---|---|
| **Relating to agriculture**<br>*From 2020 onwards:*<br><br>• *develop, for the direct milk supply chain, plans to support farmers in five high-priority areas (the United States, Mexico, Russia, Southern Europe (including France) and North Africa);*<br><br>• *ask all its suppliers to set up water stewardship plans*<br><br>*By 2025:*<br><br>• *implement pilot projects using an integrated landscape approach on a regional scale for five other key ingredients: milk, soy, almonds, strawberries and sugar cane*<br><br>*By 2030 :*<br><br>*For ingredients produced in highly water-stressed areas:*<br><br>• *reduce the water use of farmers with which Danone works in high-risk areas by 25%;*<br><br>• *increase the size of buffer zones by at least 15%;*<br><br>• *optimize fertilizer use on farms for 75% of milk, fruit, almond and soy volumes* | In 2020, Danone worked to (i) identify the main ingredients on the basis of criteria such as the volume, expenditure or environmental footprint, and (ii) assess the water-related risks for all 69 ingredients in its supply chain. Danone uses the results obtained to define its priorities and its water stewardship plans for the ingredients produced in areas with a high or extreme water risk.<br><br>In 2021, 20 ingredients, particularly milk, were identified at risk. For all these ingredients, Danone defined phased roadmaps as well as mitigation and adaptation plans.<br><br>For example, together with the WWF, Danone South Africa developed a project in the Southern Drakensberg region, suffering from water scarcity. The Company aims to preserve water resources by actively working to improve water access to local communities as well as working with local dairy farmers to transition towards regenerative agriculture practices.<br><br>Danone is also working on other key ingredients such as strawberries, beetroot, sugar cane, almonds (see Danone's website for more information). |
| **Relating to watersheds**<br>*By 2030:*<br><br>• *build plans for protecting and/or restoring 100% of the watersheds in which Danone operates, located in highly water-stressed areas (55 watersheds);*<br><br>• *work locally to create an effective governance system with the stakeholders or integrate actions into the existing governance bodies;*<br><br>• *develop a new, "open source" Danone platform on water stewardship, to share data and scientific studies and train the internal and external players concerned on integrated water stewardship* | Danone has identified 54 watersheds at-risk based on its analysis of the water-related risks.<br><br>To improve water resource stewardship and encourage biodiversity, soil health and carbon sequestration, Danone develops solutions such as agroforestry, wetland protection or agri-culture optimization.<br><br>Danone created and is currently leading the worldwide Nature Based Solutions alliance in order to (i) define green solutions shared between companies and civil society organizations, and (ii) draw up suitable decision-making processes for the water resource stewardship programs.<br><br>Between 2020 and 2021, Danone deployed 11 watershed protection plans among which 8 started in 2021 in Indonesia, Europe and Mexico. |

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

For this second pillar, Danone continues to work to reduce its water consumption and ensure that its water discharges are of high quality while also improving water circularity in all its operations.

Danone prioritizes the development of water stewardship plans suited to sites located in water-stressed areas. In 2020, Danone found that 17% of its sites are located in high or extreme water risk areas. This assessment remains still relevant for 2021.

| COMMITMENTS | ACTION PLANS AND OUTCOMES |
| --- | --- |
| *By 2030:* <br><br> • *implement a collaborative 4R Strategy (Reduce, Reuse, Recycle, Reclaim) on all production sites;* <br><br> • *ensure that 100% of the clean water discharged directly by the sites located in highly water-stressed areas is reused to reduce the pressure on watersheds;* <br><br> • *reduce the water consumption intensity of all physical high risk production sites by 50% or reach Best in Class category?* | **Ensuring that water discharges are of high quality and increasing water circularity** <br><br> In 2021, the Company has reviewed its internal standards, the Clean Water Standards (CWS) to align with the wastewater treatment plants capacities and with various country regulations. In 2021, 74% of its facilities comply with the CWS. Production sites implement improvement plans to achieve these standards. <br><br> In addition, Danone has been working for more than 20 years to make more effective use of water in its operations by prioritizing a collaborative approach. For example, the EcoWash program in Indonesia has resulted in 30% water savings for *AQUA* (Waters Reporting Entity, Indonesia) brand factories compared to the previous generation of 20L returnable bottle washers. This program also enabled to reduce detergent and disinfectant consumption by 3% and 22% respectively. The EcoWash program has thus contributed to the 142 million litres of water saved by AQUA brand in 2021. <br><br> In 2020, the Company boosted its approach by adding the fourth pillar, Reclaim, to its 3R Strategy (Reduce, Reuse, Recycle). In order to encompass these efforts in all production sites, and related to the water policy commitments, the 4R roadmaps and action plans are being deployed to optimize the water usage and reinforce second life for water. In 2021, 55% of its facilities had a 4R action plans, compared to 49% in 2020. <br><br> For example, in 2021, Danone initiated new industrial "ReUT" facilities at two *Mizone* (Water Reporting Entity, China) production sites. Thanks to this program, 25% of the treated wastewater at the Wuhan site and 51% at the Xian site were reclaimed in 2021. Danone is committed to implementing second life projects for its industrial wastewater through (i) internal uses, with reuse as industrial water or (ii) external uses with for example road washing by the municipality to support air quality. <br><br> In parallel, at a bottled water production site in France, the Company has initiated a project to reuse its wastewater internally, which will save 500 million litres of water by 2024. In 2021, this production site started a 14-month pilot phase. Co-financed by the Agence de l'Eau Loire Bretagne, the objective is to demonstrate the potential of reuse of treated wastewater as process water. <br><br> Danone has developed and launched its new tool, Drop Saver, to disseminate best practices, support the deployment of circular water stewardship and assist in the implementation of its new Water Policy. <br><br> Lastly, Danone is using the Water Risk Monetizer tool to consolidate the local cost of water and the risk related to local situation. The objective is to have a better vision on water cost, including all the aspects of water risk. |

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

For this third pillar, the Company invests through Danone Communities and its brands to support social innovation projects and supply safe drinking water to vulnerable populations.

| COMMITMENTS | ACTION PLANS AND OUTCOMES |
|---|---|
| *By 2030:*<br><br>• *sign the WBCSD WASH Pledge for access to safe water, sanitation and hygiene at the workplace;*<br><br>• *create the Water Access Acceleration Fund (W2AF) to support social businesses providing water access;*<br><br>• *provide daily access to safe drinking water for 50 million people* | Danone pledges to give all its employees access to safe drinking water, sanitation and hygiene, which is consistent with the UN Sustainable Development Goal 6, "Clean Water and Sanitation", and the standard of the World Business Council for Sustainable Development.<br><br>Globally, across its operations, nearly 89% of Danone's production sites were compliant with the WASH Pledge self-assessment in 2021.<br><br>Regarding local communities, the Company has been working since 2007 in Asia, Africa and Latin America to provide safe drinking water to low-income communities via the Danone Communities fund. Overall, all of Danone Communities' investments in social businesses provided access to drinking water for 10.3 million ◉ people around the world in 2021. Indeed, the Fund, invested for example in Indonesia in a social enterprise called Nazava that provides high quality and affordable households water filter, providing access to safe drinking water to more than 400,000 low-income people. Moreover, since 2019, through the Danone Communities fund, each litter of Volvic plain water consumed helps supply 1 litter of safe drinking water to people in need around the world in countries such as Cambodia, India, Bangladesh, Haiti, Mexico, Nigeria, Kenya, Indonesia and Senegal. In 2021, this initiative enabled 5.3 million people in need to access 1.3 billion liters of safe drinking water.<br><br>Danone's brands of the Waters Reporting Entity also play a key role in providing access to safe drinking water such as for example, *AQUA* in Indonesia partnered with the organization Water.org to extend access to safe drinking water (10 liters brought to local communities for each one-liter bottle purchased). In addition, the *AQUA* brand also deployed a program to support the Indonesian Government objective to achieve 100% universal access to clean water by 2030, aligning with the UN Sustainable Goal targets. In 2021, thanks to this program, *AQUA* has provided water access for about 56,037 beneficiaries. |

◉ Performance indicators monitored as part of Danone's Entreprise à Mission status.

## Outcomes

### Water use in operations

|  | | Year ended December 31 |
|---|---|---|
| *(in thousands of m³)* | **2020** | **2021** |
| **Water drawn from the surrounding area [a]** | | |
| River water | 2,852 | 2,822 |
| Municipal water | 22,986 | 22,475 |
| Well water | 43,312 | 42,452 |
| **Total water drawn volume** | **69,150** | **67,749** |

(a) Production Site Environment scope, see Methodology Note.

In 2021, the total volume of water withdrawn decreased by 2.0% compared to 2020. The uses associated with this total volume of water withdrawn in 2021 are as follows:

- 43% went into finished products, mainly at bottling plants, or was used for by-products;
- 57% was used in industrial processes, with details given in the table below.

|  | | Year ended December 31 |
|---|---|---|
| *(in thousands of m³)* | **2020** | **2021** |
| **Water related to the production process [a]** | | |
| Consumption *(in thousands of m³)* | 39,714 | 38,559 |
| Intensity of consumption *(in m³ per metric ton of product)* | 1.13 | 1.11 |
| **Reduction in water consumption intensity since 2000** | **49%** | **50%** |

(a) Production Site Environment scope, see Methodology Note.

At the end of 2021, the reduction in water consumption intensity since 2000 has increased by 1 point compared to 2020.

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

At its production sites, Danone applies strict concentration limits to all wastewater discharges into the environment. These limits are based on Clean Water Standards (CWS) and measured using applicable methods. Net chemical oxygen demand (COD), *i.e.* the amount of oxygen required to oxidize organic and mineral compounds in water, characterizes the quality of wastewater discharges from production sites after any on- or off-site treatment. Danone's assessment of off-site treatment effectiveness is based on certain assumptions (see Methodology Note).

|  | Year ended December 31 | |
| --- | --- | --- |
|  | **2020** | **2021** |
| Final discharge of chemical oxygen demand (COD) [a] *(in thousands of metric tons)* | 5.95 | 5.06 |
| Net COD ratio [a] *(in kg/ton of product)* | 0.17 | 0.15 |

(a) Périmètre Environnement Sites de Production, voir Note méthodologique.

In 2021, the upgrade of existing on-site wastewater treatment plants and the construction of new installations in the United States, Russia and New Zealand enabled a reduction of the Net COD ratio per ton of product by 14% compared to 2020.
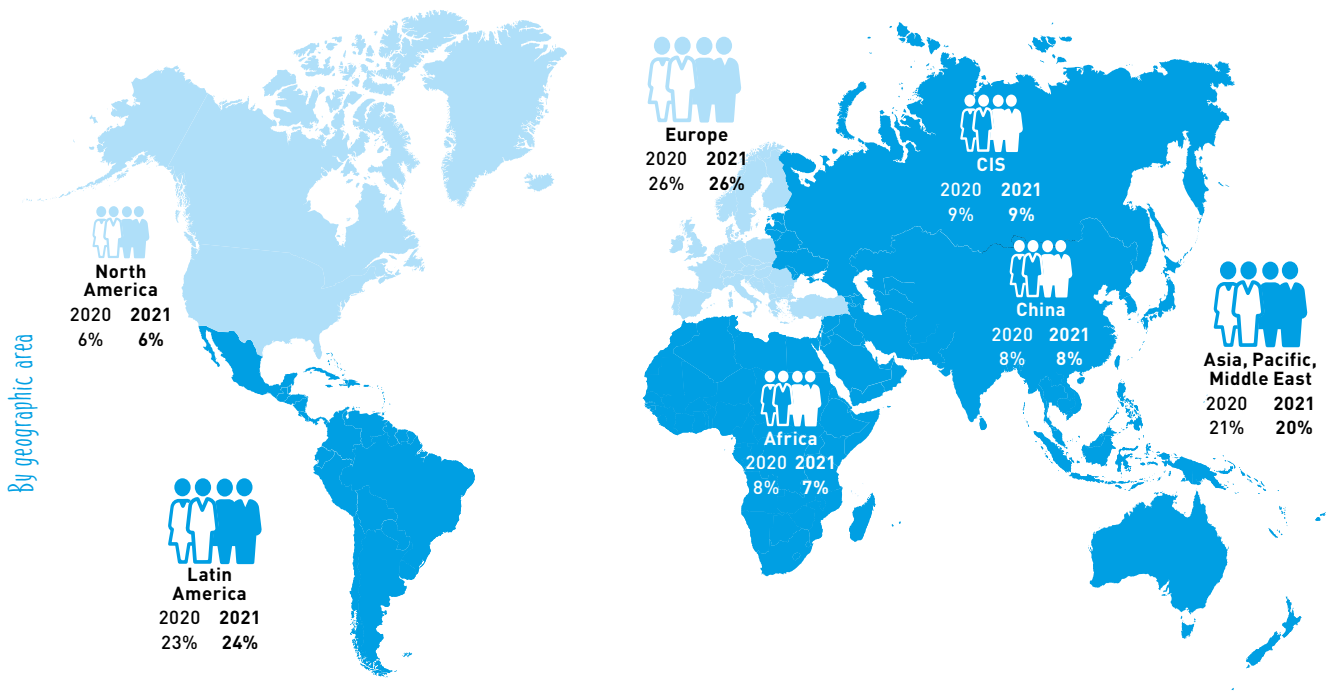
# 5.4 BUILDING THE FUTURE WITH DANONE EMPLOYEES

## Contents

## DANONE'S EMPLOYMENT APPROACH

### Employees

**By geographic area**

**Europe**
2020 — 26%
**2021** — **26%**

**CIS**
2020 — 9%
**2021** — **9%**

**North America**
2020 — 6%
**2021** — **6%**

**China**
2020 — 8%
**2021** — **8%**

**Asia, Pacific, Middle East**
2020 — 21%
**2021** — **20%**

**Africa**
2020 — 8%
**2021** — **7%**

**Latin America**
2020 — 23%
**2021** — **24%**

| | Total number of employees | | Europe & North America | | Rest of World | |
|---|---|---|---|---|---|---|
| | 2020 | **2021[a]** | 2020 | **2021** | 2020 | **2021** |
| | 101,819 | **97,737** | 32% | **32%** | 68% | **68%** |

(a) This number does not include 0.4% of Danone's workforce (*i.e.* 368 employees), which corresponds to the entities having integrated the scope of social indicators in 2021 (Social indicators scope, see Methodological Note). The total number of employees including these 368 employees is 98,105.

**By Reporting Entity**

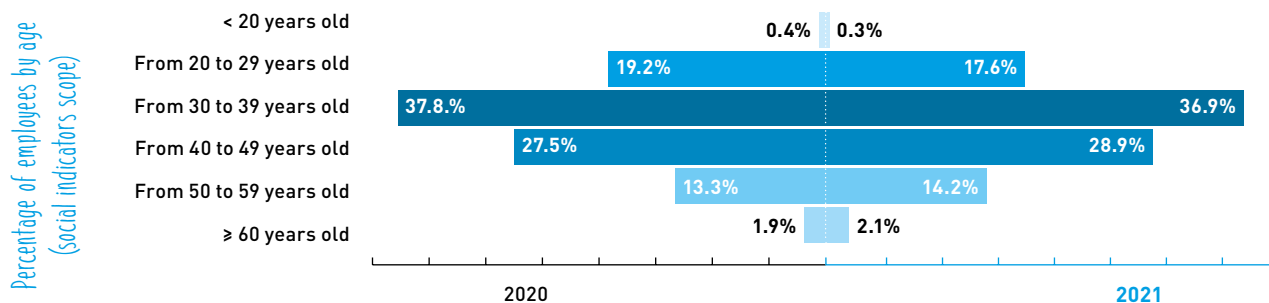**Essential Dairy & Plant-Based**
2020 — 41%
**2021** — **41%**

**Specialized Nutrition**
2020 — 21%
**2021** — **22%**

**Waters**
2020 — 35%
**2021** — **34%**

**Other**
Headquarters sites, Evian Resort, Danone Research
2020 — 3%
**2021** — **3%**

Percentage of employees by age (social indicators scope)

| | 2020 | 2021 |
|---|---|---|
| < 20 years old | 0.4% | 0.3% |
| From 20 to 29 years old | 19.2% | 17.6% |
| From 30 to 39 years old | 37.8.% | 36.9% |
| From 40 to 49 years old | 27.5% | 28.9% |
| From 50 to 59 years old | 13.3% | 14.2% |
| ≥ 60 years old | 1.9% | 2.1% |

## Percentage of women in the organization

| | 2020 | | 2021 | |
|---|---|---|---|---|
| | Total | % women | Total | % women |
| Board of Directors | 16 | 43% | 13 | 45% |
| Executive Committee [a] | 7 | 43% | 7 | 29% |
| Managers, directors and executives | 23,367 | 51% | 22,469 | 52% |
| *Senior managers: executives (excluding Executive Committee) and directors* | 1,792 | 41% | 1,700 | 41% |
| *Other managers* | 21,575 | 52% | 20,762 | 53% |
| Non-management employees | 78,452 | 25% | 75,268 | 27% |
| **Total employees** | **100%** | **31%** | **100%** | **32%** |

(a) For more information, see section 6.1 *Governance bodies.*

## Conditions and organization of Danone's working time

| | 2020 | 2021 |
|---|---|---|
| New hires[a] | 12,550 | 13,808 |
| Dismissals[a] | 6,192 | 6,553 |
| Absenteeism rate[a] | 2.9% | 2.9% |
| Employee turnover rate [a] | 14% | 19% |
| Part-time employees[a] | 3% | 3% |

(a) Social Indicators scope, see Methodology Note.

Danone enables employees to arrange their work schedules in accordance with their local environment, for example by allowing part-time work or remote work, thus contributing to their well-being at work. In 2021, the Company launched the "Future of Work" study among its employees to reflect on how to transform the ways of working. Following this consultation, new solutions were co-built with employees to offer them the possibility to work from third parties' places, adapt their physical and digital work environment and adapt ways of working to a hybrid context.

## INCLUSIVE TALENT DEVELOPMENT

The commitment, quality and engagement of Danone's people, as well as their adaptation to fast-moving environments, play an essential role in Danone's success. The Company's ability to attract and retain employees with the necessary skills or talents is critical for success. This is especially true in context of reorganization.

Danone relies on its human resources strategy to continue promoting inclusive talent development, as presented below.

# Employee training and development

## Definition

Danone is committed to providing a range of learning opportunities to all of its employees. In addition, to personalized managerial support, the Company offers functional and cross-functional training programs, most of which are developed in-house and delivered by Danone managers.

## Governance

The topics surrounding talent management and employee training are managed by the Head of Global Human Resources, who reports to Danone's Chief Human Resources Officer, member of the Executive Committee.

Its governance is supported by the Talent and Learning Squad led by the Head of Global Human Resources with representatives of local Human Resources Directors.

In addition, operational teams at global and local levels have regular meetings to share updates and best practices on this topic.

## Policies, action plans and outcomes

### CODES leadership model

Danone also seeks to develop a company culture whereby each employee can develop leadership skills through its CODES (Committed, Open, Doer, Empowered, Self-awareness) leadership model.

The Company deploys this model based on five key attitudes, which support its goals over the long term and cover the leadership skills expected of its employees, at both the individual and collective level: (i) human centric (consumers, patients, employees), (ii) inclusive and collaborative, (iii) courageous with empathy, (iv) agile and (v) accountable and decisive.

### Training program

Meanwhile, Danone offers managerial and functional training to enable employees to train according to their needs, notably using digital tools. Danone continued its digitalization with an increasing number of e-learning modules and online courses and online facilitator-led training. Employee skills development is based on the following approaches:

- the continued deployment of Campus X, Danone's digital learning platform, which offers personalized access to a range of in-house and external content, as an addition to classroom training. In line with its goal of providing access to this platform to all employees, in 2021 Danone extended access to all employees (including those who are at production sites level). For example, in Mexico, a new program called "Expert Wolves" was deployed for all employees including workers on production sites and is available on Campus X. Since the launch, more than 6,000 (among which 4,000 are workers) in 32 different sites in Mexico have had access to this annual training. The platform also gives the employees the opportunity to generate their own training for their peers on specific expertise;

- in 2021, Danone focused its learning offer on three main modules (i) category knowledge for growth, providing information on Danone's Reporting Entities, their brands and products and their strategic axis to deliver sustainable growth. This module was completed by 3,480 employees in 2021 (ii) modules to enable management of change focusing on how to react to change, and how to help employees and others go through change (iii) thematic One Planet. One Health learning – for instance the one on circularity of packaging (see section 5.3 *Preserve and renew the planet's resources*);

- Learning Weeks and other learning events, converted to virtual format amidst the Covid-19 crisis, which combine training, information sharing and networking sessions, along with conferences;

- One Learning a Day, a program that promotes learning by doing, deployed at the head office and production sites.

- to continuously promote the culture of learning at Danone, the Global Learning team animates a community on its corporate social network, gathering more than 2,000 employees worldwide.

| | 2020 | 2021 |
|---|---|---|
| Number of permanent employees who took at least one training course [a] | 98,105 | 95,542 |
| Total number of training hours [a] | 2,532,056 | 2,322,335 |
| Percentage of employees trained [a] | 100% | 100% |
| Average number of hours per person trained [a] | 26 | 25 |

(a) Social indicators scope, see Methodology Note.

In 2021, Danone reaffirmed the importance of training for its employees through the FutureSkills approach (see *Social Dialogue* section).

# Career development

Danone strives to promote inclusive talent and career development for every employee by ensuring job mobility opportunities.

### Performance review and development conversation

In addition to training, Danone supports its employees in managing their careers and building their professional future, notably through mobility programs. The Company has developed a management process that allows employees to set their objectives, evaluate them fairly and define a personalized development plan through a series of meetings and discussions held throughout the year.

As part of its Danone Way program, the Company monitors the establishment of career development processes at its entities for its management and non-management personnel. In 2021, 81% of the entities planned a development conversation with each employee at least once every two years in order to obtain feedback on their work, establish an individual development plan and have visibility on potential future development opportunities (Danone Way Scope, see Methodology Note).

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### Mobility
The Company offers its employees the opportunity to build a career track consistent with not only the company's needs, but with the individual's own aspirations and abilities, either in their home country or abroad.

## Compensation and benefits

### Definition
Danone offers its employees competitive compensation and benefits packages, including social and personal protection measures and employee profit-sharing (where applicable).

### Policies
Danone offers its employees comprehensive, competitive and fair compensation based on its own system of evaluating and classifying jobs, taking into account human resources development as well as regulations, requirements and the local situation of the subsidiaries.

### Action plans and outcomes

#### Compensation – Global Incentive Plan
Variable annual compensation rewards collective and individual performance based on two sets of targets:

- business targets, measuring how well Danone and its subsidiaries performed financially;
- social, growth and efficiency targets of the organizations, defined with each employee's immediate manager.

As part of an integrated vision of the Company's performance, the variable compensation of approximately 1,500 executives and directors has gradually been based on social and environmental performance criteria such as improvement of the Company's environmental impact, employee health and safety and diversity (see section 6.3 *Compensation and benefits of governance bodies*).

#### Employee profit-sharing and share ownership
In 2019, for the first time, Danone granted each eligible employee one DANONE share, thus, giving the employee the right to vote at the Shareholders' Meeting. This share grant also enables employees to participate in a global profit-sharing system indexed on the amount of the annual dividend (see section 7.8 *Share ownership structure of the Company as of December 31, 2021*). Each year, every single new Danone employee receives a company share.

## Inclusive Diversity

### Definition
Danone strives to ensure that every employee feels included, respected and fully capable of contributing in its own unique way to the Company's mission by making inclusive diversity a key component of its 2030 Company Goals.

### Governance
In 2021, two Executive Committee members were named sponsors of Inclusive Diversity: the COO End-to-End Design to Delivery and the Chief Growth Officer. Danone also initiated a movement to encourage employees to act within their sphere of influence to help achieve inclusive diversity targets.

More than 400 inclusive diversity champions around the world are thereby driving change at the local level and in the various functions, working with the Human Resources departments and management teams.

In order to implement inclusive diversity at Danone globally, an Inclusive Diversity steering committee is working on a transformational approach based on three pillars: people, brands and partners/communities.

### Intrapreneurship program
Since 2019, Danone, BNP Paribas and ENGIE have been working together to promote and develop an intrapreneurship program called Intrapreneur4good which encourages the engagement of their employees in the development of business solutions that also meet social and environmental expectations.

At the local level, employees of Danone's French subsidiaries are eligible for a profit-sharing plan indexed primarily on Danone's results. Some French subsidiaries and certain foreign subsidiaries have established employee incentives and/or profit-sharing agreements indexed on their own results.

Employees of Danone's French companies can also subscribe for an annual capital increase as part of a Company Savings Plan.

Lastly, in 2019, Danone launched its first global employee share ownership plan, enabling its employees in 8 countries – mainland China and Hong Kong, Indonesia, Mexico, Netherlands, Poland, Singapore, Spain and the United Kingdom – to subscribe for new Danone shares. In 2021, Danone extend the program adding 24 new countries – Australia, Austria, Belgium, Brazil, Bulgaria, Colombia, Czech Republic, Denmark, Egypt, Finland, Germany, Greece, Hungary, India, Italy, Latvia, Lithuania, New-Zealand, Norway, Romania, Slovakia, Sweden, Switzerland and Thailand (see section 7.3 *Authorization to issue securities that give access to the share capital*).

#### Retirement commitments, retirement indemnities and personal protection
Danone contributes to state-sponsored and/or private retirement funds for its employees in accordance with the laws and customs of the countries where its entities do business. The Company also has contractual commitments covering severance pay, retirement indemnities and personal protection, most of which are managed by independent fund management entities.

Commitments related to existing defined-benefit plans generate an actuarial liability, recognized as a provision in the consolidated financial statements. There is no actuarial liability for defined-contribution plans. The provision posted for these commitments as of December 31, 2021, and the expenses for the year are presented in Note 8.3 of the Notes to the consolidated financial statements.

### Policy and outcomes

#### Inclusive Diversity Policy
When Danone signed the Global Agreement on Equal Opportunities with the International Union of Food Workers (IUF), it committed to promoting greater diversity within its corporate structure.

Danone has published a position paper on inclusive diversity, supplemented by its global Policy on the fight against harassment and discrimination, which ensures that every employee is treated with dignity and respect (see Danone's website for more information). Its inclusive diversity strategy focuses on three global priorities: (i) promoting inclusive behaviors, (ii) gender equality and (iii) culture and nationalities. For each of these priorities, Danone has defined commitments and action plans, which are then implemented at the local level in order to cover diversity issues specific to local cultures and contexts. As Danone has achieved most of the Inclusive Diversity 2020 goals, it has affirmed its commitment to continue the journey with the 2025 Inclusive Diversity Roadmap. Below are the KPIs to be tracked in this 2025 roadmap.

| Priority | Goal by 2025 | Situation in 2021 |
|---|---|---|
| Promotion of inclusive behaviors | Score of 90% on the Inclusion index | Score of 87% on the Inclusion index [a] |
| Gender equality | 50% of women in senior managers positions (directors and executives) [b] | 41% of women in senior managers positions (executives and directors) |
| Gender Pay Gap | < 3 pts | 3.1 pts ◉ |

◉ Performance indicators monitored as part of Danone's Entreprise à Mission status.
(a) 2020 data based on the results of the One Voice Survey.
(b) Target will be reexamined by the end of 2022.

Also, of the 10.9% positions with greater responsibility at Danone (10.3% in 2020), which include executives, directors and some other senior-level managers, 50% of these employees were women (same as in 2020).

In parallel, in order to support equal opportunities and the recognition of each employee profile and contribution, Danone, within all of its countries, ensures equal pay for women and men with the objective of a gap within a range of equity plus or minus 3 points. The 2021 female-to-male ratio is 96.9 globally, in line with the Company's ambition.

In addition to the global KPIs, each country and function is also working on their local and functional Inclusive Diversity Roadmap and KPIs as part of its growth and people agenda.

### Ethnicity and religion

Danone's ambition is to have culturally diverse teams that represent the cultural and ethnical diversity of the countries in which it operates. To do so, the Company has put in place several action plans such as:

- equipping its teams globally with cross cultural competencies and bias awareness;

- creating Employee Resource Groups for black and multicultural employees in Brazil, the United Kingdom and United States. For instance, in Brazil Danone joined the MOVER coalition with other 40 consumer goods companies, to accelerate the employability of black young talents in the country through investing in scholarship for universities, English classes, and technical courses;

- establishing a Global Religion Task Force consisting of inclusion and diversity champions from different countries as a platform to highlight, discuss and take actions on religion-related topics. For example, Danone has developed and shared globally a Religion Encyclopedia to build awareness about the different religions in the world and create respect and inclusion.

### Disability

Danone encourages its subsidiaries to share best practices regarding people with disabilities.

In France, the Company has signed specific agreements on disability and the fight against discrimination that include measures to support people with disabilities. Danone promotes the recruitment of people with disabilities by supporting events such as Tous HanScène. Danone also focuses on retaining people with disabilities by ensuring that they have the most suitable work environment.

In 2021, Danone joined a global membership of the Business Disability Forum, a non-profit organization aimed at creating a disability-smart world by linking businesses, disabled people, and government. It also has created a global 'this-ability' community which will facilitate discussions and sharing of best practices between the different countries.

### Parental Policy

Danone is committed to creating the conditions every employee needs to fully benefit from their parenthood, and to developing a family-friendly culture.

Danone's Global Parental Policy is based on three key elements:

- pre-natal support, including modified working conditions and nutrition counseling during pregnancy;

- extended parental leave for both men and women, including 18 weeks for a birth parent, 14 weeks for a legally adoptive parent and 10 working days for a secondary caregiver;

- post-natal support, including job protection measures and return-to-work support, flexible working conditions and breastfeeding support by providing lactation rooms for mothers at all sites that employ more than 50 women.

In 2021, Danone deployed its parental policy in all countries, covering the 91,628 employees globally.

For example, Danone North America extended its parental policy to all its employees, including at the production sites level, enabling them to take up to 18 weeks of paid leave after the birth or adoption of their child.

## Action plans

In 2021, Danone also held several internal events:

- for International Women's Rights Day, the Company shared its new commitment by signing the CEO LEAD Network Pledge to achieve 50% women in senior managers positions by 2025;

- Cross Cultural Week during the World Cultural Day in May to build cross cultural awareness as part of the inclusive leadership campaign. An inclusive language workshop was also held to guide employees on practical tips as inclusive leaders;

- Global Parents Day was celebrated to highlight the importance of parental leaves for both men and women to help them feeling supported and included in the company;

- pride terminology and flags were explained through the Pride encyclopedia that also highlighted the importance of pronouns;

- during the fourth edition of Inclusive Diversity Week, Danone highlighted the theme "Inclusive Leaders for Inclusive Growth". Various activations and education sessions were held both at global and local level.

Meanwhile, Danone continues to be a member of LEAD Network through the LEAD Network Global Conference and LEAD Network CEO Virtual Roundtable. Danone also announced its membership with WEConnect, which is a global network that connects women-owned businesses to qualified buyers around the world.

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### Commitment to the HeForShe campaign

HeForShe is a global campaign by UN Women that encourages men to take an active role in empowering women.

In 2021, Danone extended its partnership with UN Women and Bonafont in Mexico to train and equip women with entrepreneurship skills. It has trained more than 2,000 women since the beginning of the program in 2017.

### External recognition

Danone maintained its position in the Bloomberg Gender-Equality 2022 index. The Company is ranked 39th in the Top 100 World for gender equality by Equileap in 2020. In 2021 Danone has improved its ranking to 26th in the Top 100 Globally and 7th in France.

### Focus – "One Person, One Voice, One Share"

As part of its innovative governance model and commitment "One Person, One Voice, One Share" Danone established in 2018 a new annual strategic routine. It is based on a global consultation that enables employees to share their views on the Company's priorities and on the definition of local and global roadmaps.

Also, in connection with this new governance model, employee volunteers are picked each year from around the world to represent

In 2021, Danone received the Gender Equality Diversity and Internal Standard – Sustainable Development Goal Award of the Arborus Foundation for the "Canteen Ladies" project in Indonesia launched with the support of the Danone Ecosystem Fund, Danone Indonesia, Care France and the Food Bank of Indonesia. This project is helping women entrepreneurs launch a network of health food kiosks located inside schools. It also offers nutrition training to parents, teachers, and school children, in order to promote choosing healthier options.

### Opportunities

Danone is committed to fostering an inclusive working environment that represents all forms of diversity, both visible and invisible. The Company's aim is to create a workplace that promotes both personal fulfillment for employees and efficient teamwork, with a view to developing solutions that are culturally relevant to consumers.

all Danone employees and share ideas with members of the Company's Board of Directors and Executive Committee, so that they may better understand employee needs and expectations, promote faster decision-making, stimulate innovation and enable local teams to take action and make progress toward achieving the 2030 Company Goals.

## SOCIAL RELATIONS

Danone works to promote responsible social dialogue that takes the interests of various stakeholders into account.

## Social dialogue

### Definition

Danone pursues building successful relationships with its employees through continuous engagement and dialogue, the establishment of systems for reporting problems and filing complaints, and the use of responsible practices, especially during Company reorganization. Listening to union representatives regarding employee expectations and maintaining an open dialogue with them helps to limit the threat of strikes and business interruptions.

### Governance

Social relations issues are managed by the Human Resources Department, which reports to the Chief Human Resources Officer, a member of the Executive Committee.

Social relations at Danone are based on:

- **Social Dialogue meetings:**

  - the Information and Consultation Committee, supported by its own Steering Committee, whose members include representatives from Danone management and union representatives;

  - bi-annual meetings between the International Union of Food Workers (IUF) and the Human Resources Department, its executives and the managers of the main regions to build a common ambition and monitor the respect and deployment of the agreements.

- **Board and Committees involved in Social Dialogue:**

  - the Board of Directors' Engagement Committee, which monitors the implementation of action plans and initiatives, is regularly updated on any Social Dialogue topics (see section 5.1 *An integrated approach of sustainable business model*);

  - the Company's Work Council and the Information and Consultation Committee appoint two Directors representing employees sitting at the Board of Directors. A member of the Company's Work Council also participates in Board of Directors' meetings in an advisory capacity (see section 6.1 *Governance bodies*).

In addition, ongoing dialogue between Danone's Head of Social Relations and the Human Resources department heads in Danone's entities make it possible to report employee expectations up the line, especially with union representatives and employee representatives, and, if necessary, establish global or local action plans.

## Policies

Social dialogue is a key driver for Danone at the management, trade union and employee representatives' levels. It enables collective efforts to be aligned in order to improve the Company's performance while ensuring that working conditions are continuously progressing. Since 1989, 10 agreements have been signed between Danone and the IUF, and a joint vision was established.

### Integration, implementation and communication of the fundamental conventions of the ILO

- since 2003, Danone has been a member of the UN Global Compact, which incorporates the International Labour Organization (ILO) fundamental conventions. These conventions are formalized, implemented and brought to the attention of Danone employees and suppliers.

- the ILO conventions formulate seven fundamental labor principles that are covered in an agreement signed between Danone and the IUF. These principles are the basis of Danone's responsible sourcing programs (see section 5.5 *Promoting sustainable, inclusive growth with suppliers through Responsible Sourcing and Human Rights*).

- Danone communicates its commitments to all employees through its Code of Business Conduct (see section 5.1 *Responsible practices: ethics and integrity*).

### Local First Project and FutureSkills Initiative

In 2020, Danone announced a global transformation project called Local First, aiming to change the operating model to shift to a locally grounded organization. In 2021, the Company signed a method agreement with the IUF to frame the social approach of the Local First transformation.

In parallel, Danone is committed to supporting employees who need to acquire new skills. The Company worked with the IUF to develop an innovative approach called FutureSkills, which aims to better prepare employees who need new skills for the jobs of tomorrow (see the common statement available on Danone's corporate website). In 2020, Danone and the IUF signed a common statement aiming to allow Danone's employees to have the opportunity and the time to develop new skills that can facilitate internal repositioning within Danone but can also be of value and practical assistance in the broader jobs market.

## Action plans

The Local First project is being deployed worldwide following three phases:

- study phase: managed by study teams in each of Danone's entities including the sharing of early information to unions or employee representatives;

- global and local social consultations: a comprehensive process with unions or employee representatives following the global IUF agreement on changes affecting employment (1997);

- implementation phase: includes regular follow-up committees with unions or employee representatives according to the IUF method agreement of January 2021.

The FutureSkills approach was locally deployed according to the following steps: (i) define the eligibility of employees, (ii) dialogue with local unions or employee representatives, (iii) identification of the jobs of the future, and (iv) design of the individual training journey. A digital toolkit was designed for local teams to support them in the implementation of the project. In France, as part of the construction of a new logistics center in Viry-Chatillon (merger of 2 existing logistics centers in Tremblay and Rungis) the FutureSkills program has been deployed and is currently being implemented in the form of professional trainings. Employees are supported in their new professional perspectives.

As Danone became an Entreprise à Mission in 2020, the topic of Social Dialogue and more precisely the FutureSkills project was closely monitored in 2021 by the Mission Committee. The FutureSkills program deployment is part of the set of performance indicators identified to track Danone's progress towards its Mission (see *Outcomes* below).

In addition, Danone and the IUF pursue their efforts to reduce precarious employment by applying specific definitions, methodology and processes, as defined in the global agreement on sustainable employment and access to rights signed in 2016.

In the United States, Danone has held an annual meeting between labor and management since 2019 and is working to define its local social dialogue roadmap. In 2021, more sites have organized themselves, resulting into union recognition and negotiation of collective bargaining agreements in Bridgeton (New Jersey) and Eugene (Oregon).

## Outcomes

In 2021, 74% of employees were covered by collective bargaining agreements (78% in 2020) (see Methodology Note).

The framework agreements between Danone and the IUF are deployed in each subsidiary, and each year a joint assessment is carried out with a Danone representative and IUF representative. Between 2009 and 2021, a total of 62 sites visits were made.

In 2021, 100% ◉ of Danone's entities discussed with unions or employee representatives and proposed to eligible employees the FutureSkills program if a validated project affects employees or their working conditions (see Danone Way scope, Methodology Note).

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◉ Performance indicators monitored as part of Danone's Entreprise à Mission status.

**Focus – Respecting and promoting human rights in Danone operations**

Danone's human rights approach is based on the Company Sustainability Principles which cover its operations and supply chain (see 5.5 *Promoting sustainable, inclusive growth with suppliers through Responsible Sourcing and Human Rights.)*

In November 2017, as part of a Consumer Goods Forum (CGF) initiative against forced labor, Danone pledged to adopt policies to embed the CGF's principles into its operations.

In 2018, the Company issued an internal Global External Workforce Policy focusing specifically on labor agency workers and prohibiting the payment of recruitment fees by workers. In 2020, as part of its implementation, Danone piloted in Mexico a dedicated methodology for social audits of labor agencies, which was co-developed and implemented by a specialized firm. This methodology includes surveys conducted among temporary workers and their Danone colleagues and supervisors to better assess the situation of temporary workers. The Company will progressively roll out the methodology to support Danone commitment.

As part of the launch of the CGF's new Human Rights Coalition – Working to end forced labor, Danone pledged to develop and deploy Human Rights Due Diligence (HRDD) systems that focus on forced labor in its own operations, with the aim of reaching 100% coverage by 2025, including external workers hired by temporary work agencies or by its subcontractors to carry out regular and continuous work at its entities. In 2021, Danone contributed to the coalition collective work to develop tools and processes necessary to launch the first assessments in 2022.

At the same time, Danone deployed its e-learning training program on human rights and the fight against forced labor, available to the Procurement, Human Resources and General Secretary functions to build the awareness of the local teams on the topic. More than 6,949 Danone employees had completed this training at the end of 2021.

Lastly, the Company continues to monitor its subsidiaries' human rights performance through its Danone Way program, in particular through the practices dedicated to temporary workers.

# ⚕ WORKPLACE HEALTH AND SAFETY

## Workplace safety: the WISE² program

### Definition

Danone is responsible for ensuring the health and safety of its employees at all its sites, providing a healthy, safe and calm working environment that reflects a long-term and respectful commitment to the life balance of its employees. In light of the risks inherent in the Covid-19 crisis, the Company's priority is to ensure the safety of all employees at its production sites and tertiary headquarters.

### Governance

Managed by the Human Resources Department, the WISE² program is deployed at each Reporting Entity, at the production sites and at the logistics warehouses for sales and distribution. Health and Safety managers at the subsidiaries and sites support the program's smooth operation.

The program is overseen at the Company level by the Safety Steering Committee, which is chaired by the Chief Human Resources Officer, a member of the Executive Committee. He is supported by the Chief operating officers of the Reporting Entities and the Head of health, safety and working conditions.

### Policies

**Workplace Health and Safety Program – WISE²**

| | |
|---|---|
| **Objectives by 2021** | In 2020, Danone achieved its 5-year ambition to reduce by 50% its lost time accidents between 2015-2020. The target to achieve zero fatality remains the Company's main objective [a]. |
| | In 2021, in the context of Covid-19, Danone set incremental safety improvements. Its objective is to reduce by 2% its FR1+2 which includes lost-time accidents and non-lost-time accidents (see *Results* section hereinafter). |
| **Application scope** | Monitoring of types of accidents (fatal accidents, accidents with and without lost time): all people working at Danone sites (employees, workers from staffing agencies or other outside labor providers and subcontractors). |
| **WISE² program operation** | WISE² is a worldwide program that seeks to continuously reduce the number of workplace accidents through two approaches: |
| | • promoting the culture of workplace health and safety at all Company sites; |
| | • ensuring compliance with standards for the most critical risk situations. |
| | To address these risk situations, the Company continuously defines and updates new standards, including those related to WISE 12 basics in plants (work at height, chemicals, confined spaces, explosive environments, hazardous gases, fire & evacuation, equipment safety, forklifts, racks & pallets, truck loading/unloading, trucks fleet, work permits and hazardous energy). Specific risks related to the sales and the head offices activities are being tackled thanks to WISE 12 basics related to these functions (pedestrians, ergonomics, field / merchandising, home office, travel & hotels, personal safety, events (team Building & conferences), risk analysis, office & facilities management, contractors and emergency planning). Finally, since 2019, Danone implemented WISE 12 basics in proximity distribution (driving for driver, driving for vehicle, vehicle maintenance, pedestrians, loading & unloading (Lifting), warehouse / racks & pallets, forklifts, chemicals, work at height, general installations, contractors and fire & evacuation). |

(a) Following one fatal traffic accident in 2021, Danone has reinforced the preventive measures included in its standards to mitigate the risks of road accidents and defensive driving.

### Action plans

The sites are responsible for conducting their own risk assessments. In Europe, in particular, the Single Risk Assessment Document (Document Unique d'Évaluation des Risques – DUER) requires companies to assess their risks and implement the necessary action plans to ensure employee safety.

Danone encourages its employees to identify and report risks and accidents through a participatory system open (i) to all Danone employees; (ii) on some sites to workers employed through agencies and trade workers, and subcontractors. In cases of major risks or accidents, special procedures and a system for reporting the information up the line have been established according to the management levels.

Meanwhile, each year, approximately 50% of Danone sites, production sites and sales force are subjected to WISE² audits covering both the safety culture and compliance with standards. Since 2018, Danone has also deployed the WISE² "compliance standards" in countries

where convenience store distribution is significant (Egypt, Indonesia, Mexico and Morocco). In 2021, following the improvement of the global sanitary situation, Danone was able to progressively resume WISE² on-site audits, thus achieving 26% of the annual audit plan at operations level, representing approximately 15% at global level.

WISE² audits are also performed for certain administrative headquarters.

In addition, the WISE² action plans include the management of working conditions, particularly with initiatives to assess ergonomic risks, provide training on repetitive motions and posture and workstation configurations. Danone also takes measures to reduce working hours and employee turnover in convenience store distribution. The rate of workplace illness and related absenteeism are monitored at the local level.

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## Outcomes

Year ended December 31

| (number of accidents, except frequency rate in percentages) | 2020 | | | 2021 | | |
| | Fatal accidents [a] | Accidents with at least 1 day lost time [a] | Frequency Rate 1 (FR1) [a] | Fatal accidents [a] | Accidents with at least 1 day lost time [a] | Frequency Rate 1 (FR1) [a] |
|---|---|---|---|---|---|---|
| **By Reporting Entity** | | | | | | |
| Essential Dairy & Plant-Based | – | 127 | 1.3 | 1 | 102 | 1.1 |
| Waters | 2 | 70 | 0.8 | – | 87 | 1.1 |
| Specialized Nutrition | – | 35 | 0.7 | – | 24 | 0.5 |
| Corporate functions | – | 20 | 1.3 | – | 32 | 2.1 |
| **Total** | **2** | **252** | **1.0** | **1** | **245** | **1.0** |

(a) Safety Scope, see Methodology Note.

Year ended December 31

| | 2020 | 2021 |
|---|---|---|
| Frequency rate 2 (FR2) [a] | 0.95 | 0.79 |
| Severity rate [a] | 0.07 | 0.07 |

(a) Safety Scope, see Methodology Note.

In 2021, Danone reduced its FR1+2 rate, representing lost-time and non-lost-time accidents, by 8%, exceeding its target of 2%.

### Focus – Promoting well-being in the workplace and stress prevention

Since 2014, Danone has included the promotion of health and well-being in the workplace in its WISE[2] program. Danone defined a systematic approach built around five pillars: (i) ensure a good work rythm (ii) make daily work meaningful, (iii) promote healthy ways of working (iv) manage employees with kindness and authenticity, and (v) promote a healthy lifestyle and environment. Practical guides encourage the subsidiaries and sites to implement them. Some subsidiaries have implemented initiatives that call for:

- the right to disconnect;
- visits by psychologists and social workers and committees to detect situations of workplace isolation;
- training of management to detect and prevent employee stress.

In 2021, Danone continued what was implemented in 2020 and reinforced its efforts in the Local First reorganization plan context. The Company continued psychosocial risks prevention and focused especially on:

- regular training and updating of Human Resources and change management teams on practices and activities to implement in order to protect the health and well-being of employees in a changing context;
- making sure employee assistance program exist everywhere to support employees;
- conducting Human Feasibility Studies to minimize the impact of Local First changes on individuals' well-being and mental health in all countries;
- a bi-monthly global Pulse survey to regularly monitor well-being of Danone's employees.

## Health in the workplace

### Definition

Access to health coverage and education regarding health challenges for all employees is a priority for Danone. The Company continues to support its employees with Dan'Cares program in countries where it operates. In the Covid-19 context, this priority has been reinforced for all employees worldwide.

### Policies

In 2009 Danone launched the Dan'Cares program, with the goal of ultimately guaranteeing quality health coverage for all employees to cover major risks while taking into account practices in the respective markets. The three main risks taken into account are hospitalization and surgery, ambulatory care and maternity care. Dan'Cares is intended to be deployed in all Danone subsidiaries, including in countries where such coverages are not offered by the healthcare systems.

Danone conducts regular market studies to assess where it stands in terms of employee health coverage relative to the market. Since 2020, Danone has extended the health coverage of its local programs (family health coverage, employee assistance program). In light of Covid-19. Danone is currently reviewing its benefits strategy by marking health coverage as stand out benefit for all employees.

### Action plans

Danone has introduced Employees Assistance Program (EAP) as one of the key pillars of the extended Dan'Cares program. EAP is a professional service handled by an external company that helps Danone's employees with any emotional, practical or physical queries. The access to EAP is also extended to the direct family members of the employees. In 2021, 28 countries (same as in 2020) already implemented this initiative.

Moreover, in 2020 all Danone entities included employee health as a condition of business continuity. They implemented and monitored preventive measures such as checking for fevers, access to protective equipment and/or Covid-19 testing (Danone Way scope, see Methodology Note).

## EMPLOYEE SECURITY

### Definition
With a presence in more than 120 countries, Danone may face numerous security challenges and it has the responsibility to protect all employees from malicious acts. To this end, Danone analyzes security risks by country and develops preventive measures adapted to each situation in order to secure the workplace and, when necessary, respond effectively.

### Policies
Danone developed a formal Security Policy that defines the Company's vision, mission and objectives for this area. The global security management guidelines articulate the principles of the Policy, particularly in terms of protecting employees. The Security and Health Policy for travelers complement the Company's corporate Travel Policy with a set of security guidelines.

The Security Department also published specific guidelines on international business travel in the context of the Covid-19 crisis. The latest version of these guidelines is available to all employees on the Company's internal social network.

### Governance
In 2021, the Chief Security & Competitive Intelligence Officer, who reports to Danone's General Secretary, is responsible for managing security risks.

The Security Department consists of four specialized units:

- international security, responsible for (i) implementing the guidelines at the regional and local level, (ii) risks linked to business travel and related communications, and (iii) protecting the Company's tangible and intangible capital;

- operations security, responsible for protecting the supply chains and investigating suspected food fraud;

- risk analysis, responsible for drafting guidelines and forward-looking reports, country risk analysis and security watch;

- cybersecurity, responsible for centralizing Danone's policy in this area; its role was enhanced with the creation of a Cyber-Board, which reports to the Chief Security & Competitive Intelligence Officer.

In the countries where Danone is present, security experts support local Human Resources managers who are responsible for managing local staff, including security aspects.

Danone's Security Department interacts with the Danone Reporting Entities, notably through training sessions of the Reporting Entity Management Committees.

### Outcomes
As of December 31, 2021, 91,672 employees (100,109 in 2020) in 55 countries (53 in 2020) received health coverage fully meeting or partially meeting the criteria defined by Dan'Cares.

Most of the beneficiaries under the Dan'Cares program were able to include family members.

### Action plans and outcomes
Security risk management is based on the following three pillars:

- **anticipation and information:** risk monitoring and analysis to understand the security threats facing Danone and its employees and define action plans. Protecting employees means mapping risks on a country-by-country basis and working with local teams to refine the Company's analysis of the environment. Danone ensures that information relating to security risks is properly communicated to the employees and that security rules related to business travel are shared through regular communication and awareness actions. To this end, the security team has developed an online training module that is available on Danone's digital learning platform, Campus X. The Security team frequently publishes on the Company's internal social network with information related to travel security. It includes a weekly prospective security risks overview, reminders about the travel policies and procedures and tips to mitigate one's exposure during international trips.

- **prevention and protection:** working with internal and external experts to implement preventive measures that reduce the likelihood of incidents. This includes monitoring business travel and expatriate assignments in high-risk countries and setting up security protocols. Each Danone site conducts a self-assessment using an audit checklist, then works with security experts to continue improving security based on the results. Since 2017, 95% of the production sites have conducted security self-assessments. In 2021, in the context of the pandemic due to a lack of resources and other local priorities, security self-assessment focused on the most vulnerable sites. Consequently, 65% of the sites conducted their self-assessment (scope: 176 production sites). Furthermore, a new online Security Awareness Training has been developed and made available on Campus X in 2021.

- **response and incident management capabilities:** positioning resources that enable the Company to respond in the event of an incident and using past experiences to strengthen existing prevention and protection systems. Working with the Human Resources department, the Security Department continuously applies an outsourced monitoring system as well as a medical and security assistance program. In 2021, the Security Department developed a digital dashboard production covering all security pillars through seven KPIs.

In 2021, Danone's Security Operational Center (SOC) noted 52 important or urgent events, all of which were reported to the Security team. For these events, the SOC contacted the Security team 4 times (vs. 11 in 2020) given that Danone employees were close to the impacted area. On one occasion, the Security team decided to contact all employees potentially affected by the event. The decrease in the number of events handled by the SOC is tied to the travel restrictions in 2021 due to the Covid-19 health crisis.

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# 5.5 PROMOTING SUSTAINABLE, INCLUSIVE GROWTH WITH SUPPLIERS THROUGH RESPONSIBLE SOURCING AND HUMAN RIGHTS

Danone has identified three risks linked to sourcing, namely: (i) trading and pricing practices, (ii) responsible sourcing, and (iii) human rights. These risks are detailed below, first through a global section covering the whole supply chain, and then through dedicated due diligence programs tailored to supplier types.

Regardless of supply chain specificities, Danone's responsible sourcing and human rights due diligence are based on the UN Guiding Principles on Business and Human Rights (UNGPs), which, inform the French law on Duty of Vigilance. As a result, this section is designed to cover the steps involved in complying with the French law on Duty of Vigilance: risk mapping, regular evaluation procedures, appropriate measures for risk mitigation and prevention of serious breaches, whistleblowing system and monitoring of measures and assessment of their effectiveness (see section 5.1 *An integrated approach of sustainable business model*).

## RESPONSIBLE SOURCING AND HUMAN RIGHTS IN THE SUPPLY CHAIN

### Definition
The global supply chains that power the food and beverage sector carry the risk of human rights and environmental violations, particularly upstream at farm level, but also at the Company's Tier 1 suppliers. In addition, responsible business conduct along agricultural supply chains is essential to ensure that the benefits are widespread, and that agriculture continues to fulfil its multiple functions, including food security, poverty reduction, and economic growth in the countries of origin of the ingredients. Both consumers and civil society are increasingly sensitive to fairness toward suppliers and producers, in areas ranging from business practices to value-sharing and pricing. This is especially true for milk sourcing, which is the main raw material that Danone purchases.

To address these risks, Danone has established a set of fundamental social and environmental principles and has made specific public commitments. It fulfills these commitments by working with suppliers towards more responsible business practices.

### Governance
In 2021, Danone's responsible sourcing approach is sponsored by the Chief Cycles & Procurement Officer, with specific teams in charge of monitoring the related Company's agenda:

- The Agriculture Cycle, overseeing milk supplier relations at global and local levels and the rollout of the Company's milk sourcing roadmap. It works closely with the Nature & Water Cycle on the regenerative agriculture topic (see 5.3 *Preserve and renew the planet's resources*). In addition, dedicated resources ensure the implementation of the agenda on topics related to the sourcing of other supplies than milk and the elimination of deforestation.

- The Nature & Water Cycle, monitoring the compliance with the responsible sourcing and human rights programs, in collaboration with procurement teams in charge of the implementation.

An update on the progress of the "human rights" pillar of the vigilance plan was presented to the Board of Directors' Engagement Committee in December 2021. The governance of the environmental pillar is described in section 5.3 *Preserve and renew the planet's resources*.

### Policies

#### Sustainability Principles
Danone's responsible sourcing approach is based on the Company's Sustainability Principles. They cover its operations and supply chain, address topics related to labor rights, environmental protection, and business ethics and include:

- seven labor principles based on the criteria set by the International Labour Organization (ILO): elimination of child labor, elimination of forced labor, non-discrimination, freedom of association and the right to collective bargaining, workplace health and safety, working hours and compensation;

- five environmental principles: preservation of resources, reduction of use of chemicals, fight against climate change and reduction of greenhouse gas emissions (GHG), environmental management and animal welfare;

- principles of business ethics for fair, lawful transactions that reflect the provisions of Danone's Code of Conduct for Business Partners.

These principles are incorporated into a clause in Danone's contracts with Tier 1 suppliers. Pursuant to this clause, the supplier warrants that the labor and ethical principles are already in place in its own organization, and that its employees, agents, suppliers and subcontractors comply with these as well. The supplier also undertakes to adopt the environmental principles.

#### Environmental commitments
In addition to its Sustainability Principles, Danone's environmental strategy covers issues that require the involvement of its value chain partners and suppliers, particularly with respect to its commitments related to elimination of deforestation, regenerative agriculture, preservation of water resources, circular economy and reduction of GHG emissions (see 5.3 *Preserve and renew the planet's resources*).

The Company has made the following commitments:

- since the publication of its Forest Footprint Policy to eliminate deforestation from its supply chains and to apply the principle of no deforestation, no development on peat and no exploitation of the rights of workers, indigenous people and local communities (NDPE). At the end of 2021, Danone continued to progress towards its goal to eliminate deforestation in its supply chain, in particular with the creation of the first supply chain for RSPO-certified segregated palm oil in the United States. The Company's efforts have been recognized by the CDP, which awarded Danone the highest possible score (A) for the CDP Forests questionnaire;

- to implement sustainable practices with its farmers in priority supply chains as part of its regenerative agriculture strategy;

- to work with its suppliers to (i) activate its circular economy commitment for its plastic packaging, and (ii) meet its commitment to reduce by 50% its full scope GHG emissions intensity by 2030 compared with 2015.

### Human rights

In 2021 Danone has strengthened its human rights risk assessment in its value chain by conducting a salient human rights impact analysis with the support of Shift, the leading center of expertise on the UN Guiding Principles on Business and Human Rights (see hereinafter). Once approved, the salient impacts will inform Danone's future human rights commitments.

In 2016, Danone joined the Consumer Goods Forum's (CGF) collective effort to eradicate forced labor from its global supply chain. To this end, in 2017 Danone incorporated the three priorities set by the CGF into its Fundamental Social Principles: (i) every worker should have freedom of movement; (ii) no worker should pay for a job, and (iii) no worker should be indebted or coerced to work. In 2018, Danone formalized this commitment in the Danone statement on forced labor (see Danone's website). As a member of the CGF's Human Rights Coalition – Working to end forced labor, Danone pledged to develop and implement Human Rights Due Diligence (HRDD) systems that focus on forced labor in its operations, with the goal of achieving 100% coverage by 2025, including external workers hired by temporary work agencies or by its subcontractors to carry out regular and continuous work at its entities. In 2021, Danone contributed to the coalition collective work to develop tools and processes necessary to launch the first assessments in 2022 (see section 5.4 *Focus – Respecting and promoting human rights in Danone operations*).

In 2021, Danone continued its contribution to the Business for Inclusive Growth coalition, which aims to scale up actions on economic inclusion, particularly with regards to human rights across the value chains.

### Risk Assessment

#### Labor and environmental risk mapping

In 2021, the Company updated its global materiality analysis, which highlights the importance of responsible purchasing and respect for human rights (see Danone's website for more information).

At the same time, Danone, with the support of Shift, undertook a process to identify and prioritize the company's salient human rights impacts across its operations and value chain.

The process involved desk research together with external and internal stakeholders' engagement. The Company used this as an opportunity to raise awareness and build capacity on human rights internally, involving more than 110 employees in interviews or workshops. The resulting salient impacts and the related action plan development will shape Danone's actions and priorities in the years to come.

Danone performed in 2017 a global social and environmental impact assessment for its 20 main purchasing categories. The Company analyzed these risks using a checklist derived from the ISO 26000, GRI G4 and SA 8000 standards, taking into account the potential impacts of purchased products mainly from the standpoint of labor rights and human rights, but also the impacts on local communities and consumers, as well as fair trade practices and environment.
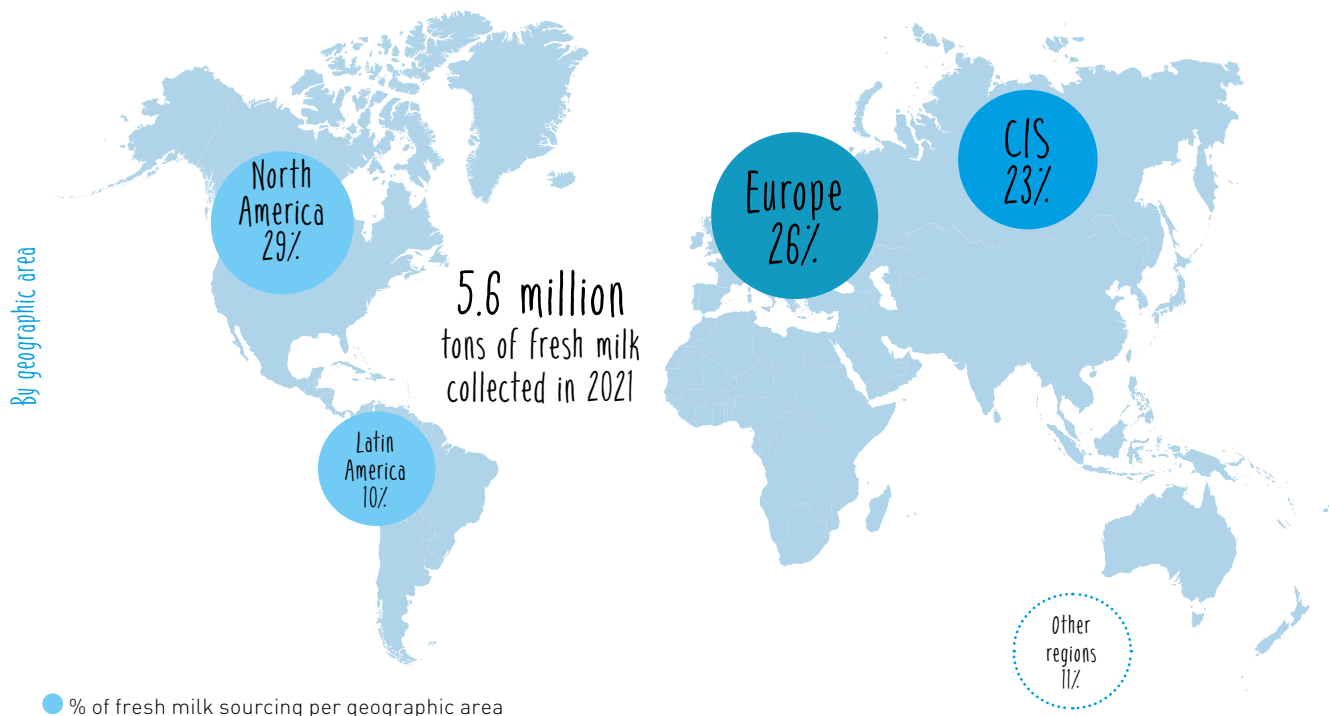
Confirmed through the 2021 salient human rights impact assessment, the 2017 priority categories remain valid, namely (i) workers employed through outside labor providers and (ii) four agricultural raw materials (palm oil, cocoa, sugar cane and fruits), for which the potential risks primarily exist at farms and plantations in the upstream end of Danone's supply chain and include, in particular, the potential risks typical of agricultural chains, such as working conditions, health and safety, forced labor and child labor. For the environment, the risk-mapping exercise confirmed the three priority categories set out in Danone's Forest Footprint Policy (palm oil, soy, paper and cardboard packaging).

Having completed risk assessments, Danone is tailoring its responsible sourcing and human rights due diligence to its various specific supply chains.

5

## FOCUS ON AGRICULTURAL SUPPLY CHAIN

Raw ingredients supply chains may have different structures, from the simplest ones with only one intermediary (as in milk sourcing), to complex supply chains involving several intermediaries including traders. Danone has set on a journey to develop the social pillar of its Regenerative Agriculture framework applying it gradually to raw milk and to other categories where transparency is established.

### Supporting the next generations of farmers and farm workers

Danone has developed over the years its Regenerative Agriculture framework (see Danone's website for more information) based on three pillars to enable an integrated approach of social and environmental issues. The social pillar consists of empowering farmers and farm workers and supporting them in the transition toward regenerative agriculture practices and is described in section 5.3 *Transition toward regenerative agriculture*. In 2021, the Company developed a survey which focuses on farmers and farm workers who are covered by the social pillar of the Regenerative Agriculture framework.

The social pillar survey aims at collecting data on the farmers' economic resilience, livelihoods and their ability to transition to regenerative agriculture practices. It also addresses priority labor rights for the agricultural workers. The survey is organized around three themes: farmer livelihoods and autonomy, health and safety, and workers labor conditions. It is deployed via a dedicated digital tool developed to enable a holistic surveying approach. It will be launched in priority countries identified for milk, fruit and plant-based categories in 2022.

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

## Danone's direct sourcing of fresh milk



By geographic area

North America 29%

Europe 26%

CIS 23%

5.6 million tons of fresh milk collected in 2021

Latin America 10%

Other regions 11%

● % of fresh milk sourcing per geographic area

### Sourcing strategy

Danone favors local sourcing of raw milk from more than 59,000 farms in around twenty countries, both directly and indirectly. Most of the milk sourced by the Company comes from family farms.

About 94% of the partner producers own small family farms with fewer than 25 cows and are located primarily in emerging countries in Africa and Latin America. These small farms supply about 12% of Danone's total milk volume.

Danone also works with family farms (with herds ranging from a few dozen to thousands of cows), which represent about 6% of the Company's suppliers and nearly 88% of milk volumes, the latter being generally directly collected by the Company.

In North America and some Middle Eastern countries, Danone occasionally works with larger farms to ensure reliable access to sufficient volumes of quality milk.

### Action plans and outcomes

Danone supports dairy farmers by providing them with training and technical support to transform their practices while ensuring the viability of their business models. For example, the Farming for Generations alliance, which was created in 2019 and in which Danone participates, has identified 75 best practices and innovations across various farming models, farm sizes and geographic areas. Through the Sustainable Dairy Partnership, the Company has continued to work for a more sustainable dairy industry by supporting the prevention of deforestation, the protection of human rights and animal welfare, as well as compliance with local legislation. In addition to these collaborative actions, specific tools and methodologies have been deployed and monitored by Danone's Agriculture cycle:

● **MilQSat:** an initiative co-developed by the EDP Reporting Entity and its partner farmers to assess the performance of farmers from which Danone purchases milk directly in terms of quality, food safety and traceability;

● **Cool Farm Tool and Cap2Er:** specific tools for calculating greenhouse gas emissions from livestock. Cool Farm Tool, implemented at 15 entities in 2021, covers most of Danone's sourcing, and Cap2Er, developed by the French Livestock Institute (Idele) is the reference tool for all Danone entities in France;

- **animal welfare tool:** launched in 2016 and now implemented in 15 countries (see section 5.3 *Transition toward regenerative agriculture*);

- **water risk assessment in relation to milk sourcing:** updated in 2020, methodology used to identify farms or collection centers located in water-stressed areas and to determine an appropriate approach (mitigation, adaptation or relocation of the supply source).

Danone also supports the next generation of farmers, who play a leading role not only in producing the food we eat but in implementing responsible practices such as carbon sequestration, protection of water resources and biodiversity (see section 5.3 *Transition toward regenerative agriculture*).

## Other ingredients than milk: upstream supply chain

### Upstream supply chain transparency

With input from independent experts, Danone is working on transparency for the following five priority categories:

- **palm oil:** Danone works with Earthworm Foundation to ensure traceability of palm oil. In 2021, 93% of the palm oil sourced by Danone was certified RSPO segregated, 5% was certified RSPO Mass Balance and the remaining 2% was conventional palm oil sourced in Africa. In the first semester of 2021, according to its most recent mill mapping, Danone reached 99.8% traceability to plantation, up from 84.7% in the second semester of 2020 (see section 5.3 *Preserve and renew the planet's resources*);

- **fruit:** in 2021, 100% of Danone's fruit supplies were traceable up to the Company's Tier 2 suppliers;

- **cocoa:** in 2021, Danone reached 82% country-level traceability of cocoa products after engaging with its three largest cocoa suppliers. Based on volumes purchased, 86% is certified within one or more programs (Rainforest Alliance, Organic, Fair Trade, Fair For Life);

- **sugar cane:** in 2021, Danone maintained 88% traceability to mill. By starting to purchase Bonsurcro certified sugar cane for the United-States and Argentina, Danone has increased its certified volumes up to 33%;

- **soy:**

  - soy used in plant-based products: in Europe (Alpro) and in North America, soy comes from areas with very low deforestation risk. In addition, 100% of soy used for the Alpro brand is ProTerra-certified;

  - soy for animal feed: Danone estimates that soy accounts for less than 5% of the feed consumed by the dairy cows in its supply chain. In order to identify the deforestation risks accurately, Danone has been conducting country by country assessment of soy feed volume and origin through its Cool Farm Tool. At the end of 2021, Danone has analyzed soy sourcing for 86% of its milk volume, of which 36% is from low-risk origin, 9% is certified, and the remaining 55% potentially at risk are compensated through RTRS credits (see section 5.3 *Soy Policy*); Danone will continue mapping the remaining 14%. The Company's key strategy focus to tackle deforestation risks for soy feed are:

    (i) increase traceability systemically;

    (ii) promote sustainable soy through engagement with farmers and dairy processors;

    (iii) encourage feed autonomy through local and/or alternative protein.

### Cost Performance Model (CPM)

Danone works with producers in the United States, Europe and Russia to develop innovative contracts, with an average term of three to five years, to reduce milk price volatility and thereby offer farmers greater visibility and financial stability.

These long-term Cost Performance Model (CPM) contracts factor production costs into milk pricing and are developed in partnership with milk producers or their organizations.

In 2021, 36% of milk collected in Europe (43% in 2020) and 54% of milk collected in the United States (55% in 2020) came from producers with CPM contracts. Altogether, 26% of the milk Danone collects is covered by CPM contracts (29% in 2020).

### Mitigating risk and preventing serious violations

#### Certification

The Company uses many certifications, such as: RSPO for palm oil; Rainforest Alliance (recently combined with UTZ), Organic, Fair Trade, or Fair For Life for cocoa and for Danone North America's coffee; FSC, PEFC and SFI for paper; Bonsucro and Organic for cane sugar, and RTRS or Proterra for soy.

#### Impact Projects

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

- a vanilla plantation project in Madagascar supported by the Livelihoods Fund for Family Farming (L3F). The aim of this project, which involves 3,000 family farms, is to develop solutions that improve the quality and traceability of vanilla production, boost food security for farmers and preserve biodiversity;

- Together with the Livelihoods Fund for Family Farming (L3F), Danone has launched a 10-year project to help 2,500 small-holder palm oil farmers achieve a sustainable transition in Sumatra island, Indonesia. The project will build a transparent and deforestation-free supply chain thanks to locally adapted agroforestry models, regenerative agriculture, and biodiversity enhancement. The project is brought together with Mars Incorporated, L'Oréal, and implemented locally by Musim Mas and SNV. It will help regenerate 8,000 hectares of palm farms in degrading land areas, while restoring additional 3,500 hectares of local biodiversity over 10 years.

In addition, Danone also works with producers in its whole value chain. For example, the Danone Ecosystem Fund also works on collaborative projects such as the Cartoneros project in Argentina (see Danone Ecosystem Fund's website for more information).

**Collaborative initiatives**

Danone participates in several dedicated palm oil platforms such as POIG, SASPO and RSPO, as well as more generic platforms such as the Sustainable Agriculture Initiative (SAI). The Company also contributes to collaborative food and beverage sector initiatives such as AIM-Progress and the Consumer Goods Forum.

### Grievance mechanism related to raw materials

Since 2019, Danone has implemented a grievance mechanism for palm oil, with the support of the Earthworm Foundation. Currently this mechanism is also being used for other commodities. Danone is working to adapt the process to track and manage more effectively all commodity alerts.

A dedicated team meets regularly to address any incoming NGO and media alerts. When allegations of noncompliance against producers arise, the Company carries out an investigation with support from internal and external experts, and in particular Tier 1 suppliers. If a low-risk non-conformity has been confirmed, Danone asks the producers to develop an action plan to resolve the non-conformity.

In the case of a high-risk non-conformity, which has occurred most often for palm oil, the Company works with its Tier 1 suppliers and can choose to suspend the non-compliant producers until they demonstrate concrete progress towards its commitments. Danone informs all of its active suppliers about the suspension decisions and the suspended producer is only allowed to enter the Company's supply chain after demonstrating progress and, ultimately, with Danone's consent.

In 2021, Danone registered 28 new alerts linked to deforestation and human rights violations, 25 of which were related to palm oil and 3 to other commodities. In total, the Company is monitoring 31 alerts that have been brought to its attention by organizations such as Center for Reproductive Rights, GlobalWitness, LibertyShared and MightyEarth. All of these alerts are being investigated as mentioned above and are being monitored in dialogue with the parties involved and the supporting NGOs and experts. As a result, Danone currently has ongoing suspensions for 12 producers, including one suspension initiated in 2021.

## ☞ FOCUS ON TIER 1 SUPPLIERS OTHER THAN MILK FARMERS: RESPECT PROGRAM

Danone implements responsible sourcing due diligence towards its Tier 1 suppliers other than raw milk (i.e., processed raw materials such as fruit preparations and powdered milk, packaging, production machinery and transport and other services) through its RESPECT program. Since 2017, Danone has moved this program towards a comprehensive due diligence approach and stepped up its human rights requirements. This approach is inspired by the United Nations Guiding Principles on Business and Human Rights (UNGP).

### Regular evaluation procedures for Tier 1 in scope suppliers

In 2021, Danone has streamlined evaluation procedures for Tier 1 suppliers. The company's RESPECT program encompasses these evaluation procedures, and is structured on three main pillars:

- Danone requires that in-scope Tier 1 suppliers register on the Sedex (Supplier Ethical Data Exchange) (direct procurement categories, as well as third party manufacturers, and producers of promotional items) or Ecovadis (indirect procurement categories) platform and complete the self-assessment questionnaire evaluating their sustainability performance. At the end of 2021, 3,489 supplier sites were registered on the Sedex or Ecovadis platform vs. 3,891 in 2020 (this drop was mainly due to the change in program approach and the launch of the Ecovadis requirement), and 92% had completed Sedex self-assessment or obtained an Ecovadis scorecard. These 3,489 sites represent 2,540 suppliers corresponding to an estimated 59% of purchase amount (excluding raw milk).

- Danone identifies high risk or high priority suppliers that should undergo an on-site assessment (audit). As of 2020, Danone is using a new risk analysis approach that combines risks and spend level for suppliers of its operating units and global categories. The Company developed an in-house human rights impact evaluation for suppliers based on (i) the inherent country social risk index as identified by the new Sedex risk tool, (ii) the spend level, and (iii) the purchase category risk. Based on its analysis, the RESPECT team worked with purchasing departments around the world to co-develop the 2021 audit plan, selecting 129 high risk or high priority sites. Among them, 117 sites have completed an on-site or virtual assessment, in accordance with the SMETA (Sedex Members Ethical Trade Audit) protocol or the Sedex Virtual Audit (SVA) protocol. Through the Sedex platform, Danone can also access audits of shared suppliers by peer companies and participates in mutual audit recognition through the

AIM-Progress initiative. As a result, in 2021, Danone had access to 556 SMETA audits carried out on its suppliers, either by the Company itself or by its peers.

- Once an audit is conducted, Danone's goal is to establish regular dialogue with its Tier 1 suppliers on their responsible business practices and monitor audit corrective actions, including when audits of shared suppliers are conducted by peer companies. In 2021, the RESPECT team had leveraged new processes to increase the robustness and sustainability of its supplier remediation plans, through dedicated resources in China and Mexico. The objective is to support suppliers develop their corrective action plans by providing expert support, resources and regular engagements, and ultimately close audits according to the SMETA methodology.

### Mitigating risk and preventing serious violations

#### Training and engagement

Danone trains its RESPECT champions and buyers on the RESPECT program and ensures that they are aware of risks related to forced labor and the CGF's three priorities. In 2021, the RESPECT team released a four-module e-learning course covering the fundamentals of the program, which was included in the learning journey for the procurement organization. More than 570 buyers, champions or purchasing managers have completed at least one module of the course, with 500 buyers, champions or purchasing managers completing all 4 modules. This initiative significantly strengthened buyers' awareness and engagement with the RESPECT program. The RESPECT e-learning course compliments the training module on human rights and forced labor already offered online (see section 5.4 *Focus – Respecting and promoting human rights in Danone operations*). At the end of 2021, more than 6,949 Danone employees had completed this training.

#### Collaborative initiatives

The Company also contributes to collaborative food and beverage sector initiatives, such as AIM-Progress, Consumer Goods Forum (CGF), Business for Inclusive Growth (B4IG). Through the various coalitions and workstreams that Danone participates in, it is able to leverage multi-stakeholder projects and initiatives on a wide range of responsible sourcing topics, both globally and regionally (for example, the regional hubs within AIM-Progress, the Human Rights Coalition in CGF, Forest Positive Coalition in CGF, and human rights, living wage and inclusive sourcing workstreams in B4IG, etc.).

## Whistleblowing system

Since 2017, the Danone Ethics Line has also enabled whistleblowers to report suspected human rights and environmental violations (see section 5.1 *Responsible practices: ethics and integrity*). The reporting process was developed in consultation with employee representatives and ensures that whistleblowers are protected.

In 2021, 38 alerts were made in the "human rights" category compared to 31 in 2020. This category selected by whistleblowers includes violations in the areas of child labor, forced labor, right to collective bargaining, working time and wages. During 2021, the set of issues related to discrimination, harassment, and employee health, safety and security has been brought under the umbrella of human rights reporting. As a result, in 2021, in total 395 alerts are accounted for in this newly defined human rights category, originating from 32 countries.

All alerts are initially reviewed by the Global Human Resources Compliance and Labor Law Director, who appoints an independent internal or external investigator. All alerts are investigated if needed. At year end, 391 alerts have been closed, including 323 opened in 2021, and 76 are still under investigation. Over half of confirmed alerts are related to 'workplace respect' (such as harassment, inappropriate behavior, management issues).

If serious violations are identified they are handled in collaboration with the Human rights team to determine appropriate approach and action plans. Further collaboration to improve remediation will be developed in 2022, and also to strengthen the grievance mechanism approach for the circle of stakeholders beyond employees.

In 2021, only one alert was raised in the "environmental violations" category, which was not confirmed after investigation.

All alerts received in the "environmental violations" category are initially reviewed by Danone's Compliance Department and, when necessary, sent to the relevant function or department in order to investigate and, where applicable, mitigate the potential problem.

Danone also has investigation and remediation process in place to manage grievances that come through other channels than DEL, in particular related to suppliers.

## Tracking and assessing the effectiveness of supplier programs

Danone tracks its RESPECT program using three indicators. In 2021, the RESPECT program resumed the regular tracking of these indicators (due to the Covid-19 pandemic, in 2020 the indicators measured the procurement teams' efforts and involvement in planning, and follow up with suppliers).

- RESPECT KPI1 measures the supplier registration rate on Sedex or Ecovadis platform: it reached 98% ◉ of in scope suppliers in 2021;

- RESPECT KPI2 measures the annual audit plan completion: 91% of SMETA audits planned were completed in 2021;

- RESPECT KPI3 measures the audit closure rate: 82% of audits that identified critical non-conformities (being commissioned by Danone on by peers on common suppliers) have been closed in the expected timeline. Audits that have not been closed continue to be monitored. In most cases, critical non-conformities were related to health & safety, working hours and compensation.

These RESPECT indicators are included in the calculation of the variable compensation of some purchasing teams and the RESPECT team, including for their managers.

### Breakdown of critical non-conformities identified

Analysis focused solely on critical non-conformities from SMETA audits (or those conducted using a similar methodology) of Danone suppliers in 2020 and 2021.

|  | 2020 | 2021 |
|---|---|---|
| Total number of critical non-conformities identified | 126 | 279 |
| Percentage of critical non-conformities related to: | | |
| • forced labor | 1.6% | 3.2% |
| • child labor | 0% | 0.4% |
| • health and safety | 49.2% | 43.7% |
| • discrimination | 0% | 0.4% |
| • freedom of association and the right to collective bargaining | 2.4% | 2.9% |
| • working hours and compensation | 33.3% | 26.2% |
| • the environment | 4.8% | 11.5% |
| • business ethics | 4% | 2.5% |
| • other | 4.8% | 9.3% |

The critical non-conformities identified and reported above have been resolved or are being remedied with the suppliers.

◉ Performance indicators monitored as part of Danone's Entreprise à Mission status.

# 5.6 DANONE'S SOCIAL INNOVATION FUNDS

## DANONE COMMUNITIES

In 2007, Danone created the Danone Communities SICAV (Société d'Investissement à Capital Variable) and the Danone Communities FPS (Fonds Professionnel Spécialisé, or specialized professional investment fund). The SICAV invests (i) at least 90% of its assets in money market instruments, bonds and other vehicles that emphasize socially responsible investment, and (ii) no more than 10% in the FPS.

As of December 31, 2021, the Danone Communities SICAV fund had a total of €88 million in assets under management. Of that total, 17% was held by Danone and 42% was held by its employees through the FCPE Danone Communities Solidaire, an employee investment fund (Fonds Commun de Placement d'Entreprise). As of December 31, 2021, Danone also directly held 72% of the FPS.

Danone Communities and its partners invest primarily in emerging countries in businesses that have a significant social impact in line with Danone's purpose of "bringing health through food to as many people as possible". In particular, Danone Communities invests equity in social businesses in three main fields: (i) access to safe drinking water, (ii) access to healthy local nutrition and (iii) access to sustainable food systems.

FPS Danone Communities backs 15 social companies in 22 different countries. To date, Danone is also a shareholder in three of these social businesses: Grameen Danone Foods Limited in Bangladesh; La Laiterie du Berger in Senegal; and Nutrigo in China.

As of December 31, 2021, total investments in these businesses came to €16 million for the Danone Communities FPS fund (€14 million as of December 31, 2020).

## DANONE ECOSYSTEM FUND (FONDS DANONE POUR L'ÉCOSYSTÈME)

The Company created the Danone Ecosystem Fund in 2009, with initial funding of €100 million. It is an endowment fund headed by a board of directors, and tasked with strengthening and expanding general interest activities within the Danone ecosystem.

Once projects are selected, they are deployed by non-profits and/or by the fund directly. Since its creation, the fund has supported projects in five areas: regenerative agriculture, micro-distribution, inclusive recycling, healthy food and diet, and sustainable management of land and catchment areas.

The fund has no employees: Danone staff members are assigned to manage its day-to-day operations and administrative activities. Their salaries and travel expenses, which totaled €1.7 million in 2021 (€1.4 million in 2020), are charged to the fund in full by Danone.

As of December 31, 2021, the Danone Ecosystem Fund had 33 active projects worldwide, representing a total commitment of €78.4 million (€78.6 million as of December 31, 2020).

## LIVELIHOODS CARBON FUND

The Livelihoods Carbon Fund (LCF) is an investment fund, SICAV-SIF *(Société d'Investissement à Capital Variable-Fonds d'Investissement Spécialisé)*, dedicated to restoring ecosystems and carbon assets. It seeks to invest in three types of projects in Africa, Asia and Latin America: (i) restoration and preservation of natural ecosystems; (ii) agroforestry and soil restoration through regenerative agricultural practices; and (iii) access to rural energy to reduce deforestation. The carbon credits generated by the fund are certified, then allocated to its investors in proportion to their investments. As such, the Livelihoods Carbon Fund fights against climate change while improving living conditions for local communities.

Building on the results achieved by the Livelihoods Carbon Fund created in 2011 by ten private investors, eight of these investors created in 2017 a second compartment to accelerate their efforts in the fight against climate change and protect vulnerable people.

As of December 31, 2021, investors have pledged to invest:

- in compartment 1 a total of €45.9 million (with Danone accounting for €13.8 million of that amount), which currently supports nine projects;

- in compartment 2 a total of €65 million (with Danone accounting for €25 million of that amount), which had approved eight projects as of December 31, 2021.

Capitalizing on the 10-year experience of LCF, a new investment fund, Livelihoods Carbon Fund SICAV-RAIF ("LCF3"), was created in 2021 with 14 investors and with a first closing of €143 million (with Danone accounting for € 30 million of that total amount). This new fund will finance projects supporting rural communities in their effort to preserve or restore their natural ecosystems and improve their livelihood through sustainable farming practices.

## LIVELIHOODS FUND FOR FAMILY FARMING

The Livelihoods Fund for Family Farming (L3F) was launched by Danone and Mars Inc. in 2015 and joined by Veolia and Firmenich in 2016. It enables companies to secure their supply, both in terms of quality and quantity by granting small farmers access to more sustainable practices and higher revenues due to good connections with markets. These projects also help to preserve ecosystems through farming practices combining productivity and respect of the environment.

As of December 31, 2021, investors had pledged to invest a combined total of €36 million in the Livelihoods Fund for Family Farming, with Danone accounting for €15 million of that amount. To date the fund's investment committee has approved eight projects focusing: on coconut (representing 2 projects), vanilla, shea, watershed protection (representing 2 projects), palm and cocoa.

# 5.7 VIGILANCE PLAN

In compliance with the French Duty of Vigilance Law, the table below summarizes Danone's Vigilance Plan, which governs the Company's activities and those of its sub-contractors and suppliers. Elements of the Vigilance Plan were developed based on a dialogue with Danone's external stakeholders.

The Company applies a continuous improvement approach and tailors its due diligence to its specific challenges and risks. Under the French Duty of Vigilance Law, Danone implements due diligence on its subsidiaries, suppliers and subcontractors with whom it maintains an established business relationship, mainly first tier and milk suppliers. In addition, Danone is also developing due diligence in its extended supply chain.

## Risk mapping

| | HUMAN RIGHTS | ENVIRONMENT | HEALTH AND SAFETY OF PEOPLE |
|---|---|---|---|
| **Danone activities** | **Review of the analysis of top non-financial risks, originally performed in 2018 and still relevant in 2021** **Renewed materiality analysis in 2021 (for more information, see Danone's website)** | | |
| | • Risk mapping has included the situation of temporary workers since 2018 <br> • Danone's salient human rights impact assessment across operations and value chain, performed in 2021 | • GREEN Program: leveraged to identify key environmental risks at production sites, including water risks | • Compliance to WISE² safety standards applicable to mitigate Health & Safety risks has been adapted in the context of Covid-19 in Danone's various businesses and operations <br> • Danone's salient human rights impact assessment across operations and value chain, performed in 2021 including Health and Safety issues |
| **Activities of suppliers and sub-contractors** | **2017 Risk mapping of the 20 purchasing categories with the highest exposure** **Traceability initiative targeting five high-priority agricultural categories: palm oil, fruit, cocoa, sugar cane and soy** | | |
| | **Review of the analysis of top non-financial risks, originally performed in 2018 and still relevant in 2021** | | • *Tier 1 suppliers: analysis of geographic and sector-based risks for suppliers listed on the Sedex or Ecovadis platforms* |
| | • *Tier 1 suppliers: risk analysis combined with purchase amounts using an in-house impact score* <br> • *Danone's approach to milk procurement with historical social issues factored in* <br> • *Danone's salient human rights impact assessment across operations and value chain, performed in 2021* | • *Analysis of deforestation risks under Forest Footprint Policy* <br> • *Assessment of water risks linked to the supply chain* | • *Danone's approach to milk procurement with historical social issues factored in* <br> • *Danone's salient human rights impact assessment across operations and value chain, performed in 2021 including Health and Safety issues* |

In 2021 Danone accelerated its efforts to advance the respect of human rights in its value chain by conducting a salient human right impact analysis with the support of Shift, the leading center of expertise on the UN Guiding Principles on Business and Human Rights. Once approved, the salient impacts will inform Danone's future human rights commitments.

*For more information, see the following sections:*
- *5.3 Preserve and renew the planet's resources;*
- *5.4 Focus – Respecting and promoting human rights in Danone operations;*
- *5.4 Workplace health and safety (Action plans section);*
- *5.5 Focus on Agricultural supply chain (Milk direct sourcing section);*
- *5.5 Responsible Sourcing and Human Rights in the supply chain (Labor and environmental risk mapping section).*

5

## Regular risk map-based evaluation procedures

| | HUMAN RIGHTS | ENVIRONMENT | HEALTH AND SAFETY OF PEOPLE |
|---|---|---|---|
| **Danone activities** | • Guidelines and internal control referential for risks relating to temporary workers at the subsidiaries<br><br>• Danone Way self-assessment including a human rights component covering temporary workers at Danone's operations | • GREEN program: production site audits including water risk assessment criteria<br><br>• Review of the water risk assessment for Danone's operations considering physical, regulatory and reputational risks using the Water Risk Filter tool developed by the WWF | • Site-level risk assessment covering all people on site (Danone's employees and externals)<br><br>• Tracking of workplace accidents covering all people on site (Danone's employees and externals)<br><br>• Site-level WISE² audits covering all people on site (Danone's employees and externals)<br><br>• Survey on well-being in the workplace (related to Covid-19 context) and creation of employee assistance program including a psychological support unit |
| **Activities of suppliers and sub-contractors** | **In scope tier 1 suppliers' self-assessment on Sedex or Ecovadis platforms** | | |
| | • *Audit Plan for highest risk and priority suppliers, based on an in-house human rights impact score. Audits are performed by third parties using the SMETA 4 pillar methodology*<br><br>• *Social pillar of Regenerative Agriculture Framework developed* | • *The Tier 1 supplier SMETA 4 pillar audit methodology includes environmental controls*<br><br>• *The Aqueduct water risk tool to assess the water risks for Danone's main 69 ingredients from its supply chain*<br><br>• *Regenerative Agriculture survey – environmental pillar – focusing on soil health, biodiversity and water started to be implemented*<br><br>• *Animal Welfare tool to support and assess tier 1 suppliers of raw milk* | • *The Tier 1 supplier SMETA 4 pillar audit methodology includes Health and Safety controls*<br><br>• *Social pilar of Regenerative Agriculture Framework developed* |

In 2021, Danone complemented its supplier evaluation tools by introducing Ecovadis platform into the RESPECT program. Ecovadis approach focuses on evaluating a company's sustainability management systems, policies and processes. Aside from being more appropriate to suppliers whose operations are not site specific, mainly in indirect procurement, Ecovadis provides actionable scorecards that allow buyers to identify best practices, benchmark performance and prioritize improvement areas. Lastly, Danone uses the results obtained from its water risk analysis to define its priorities and water management plans for ingredients produced in high or extreme water risk areas.

*For more information, see the following sections:*

## Appropriate measures for risk mitigation and prevention of serious breaches

| | HUMAN RIGHTS | ENVIRONMENT | HEALTH AND SAFETY OF PEOPLE |
|---|---|---|---|
| **Danone activities** | Code of Business Conduct, Sustainability Principles for business partners, also applicable to employees | | |
| | • Agreements between Danone and the International Union of Food Workers (IUF)<br><br>• In-house Global External Workforce Policy and related guidelines<br><br>• Engagement and capacity building of human resources and Sustainability managers worldwide while communicating on related internal control and Danone Way guidelines<br><br>• E-learning training on human rights and forced labor | • Actions taken under Danone's global environmental strategy<br><br>• Appropriate mitigation plans in connection with the various tools and programs that have been rolled out (GREEN, ISO 14001, etc.) | • Proactive risk mitigation plans under the WISE² program and the related audits<br><br>• Systematic in-depth incident investigation to identify deviations related to Danone's standards or needs to upgrade them |
| **Activities of suppliers and sub-contractors** | **Code of Conduct for business partners, Sustainability Principles for business partners included in suppliers contract clause** | | |
| | **Remediation support from dedicated experts to help suppliers develop their corrective action plan following SMETA audits findings on Tier 1 suppliers** | | |
| | **Certifications (UTZ, FSC, RSPO, RTRS, Proterra, etc.) and implementation of appropriate corrective action plans following SMETA audits** | | |
| | **Supplier engagement and interactions with partners within platforms and coalitions (POIG, SASPO, RSPO, AIM Progress, CGF, etc.) or collaborative projects, mainly sponsored by Danone's social innovation funds** | | |
| | • *Cost Performance Model (CPM) contracts with milk suppliers*<br><br>• *Monthly engagement of RESPECT champions*<br><br>• *Training of RESPECT champions and buyers on the RESPECT program* | • *Appropriate plans in connection with the Cool Farm Tool and the Animal Welfare tool* | • *WISE² program and related audits are applicable to outside workers at Danone sites. WISE² especially includes a contractors' element and third parties and interims are directly included in Danone employees safety performance* |

Danone trains its RESPECT Champions and buyers on the RESPECT program and ensures that they are aware of Danone's due diligence approach and risks related to forced labor and the CGF's three priorities. In 2021, the RESPECT team released a 4 module e-learning course covering the fundamentals of the program, a course included in the learning journey for the procurement organization. This initiative significantly strengthened buyers' engagement with the RESPECT program. It supplements the training module on human rights and forced labor already offered online.

*For more information, see the following sections:*
- *5.1 Responsible practices: Ethics and Integrity (Policies section);*
- *5.3 Preserve and renew the planet's resources;*
- *5.4 Social relations (Policies section);*
- *5.4 Focus – Respecting and promoting human rights in Danone operations;*
- *5.4 Workplace health and safety (Action plans section);*
- *5.5 Focus on Agricultural supply chain (Milk direct sourcing section)*
- *5.5 Other ingredients than milk – upstream supply chain*
- *5.5 Focus on Tier 1 suppliers other than milk farmers: RESPECT Program.*

5

## Whistleblowing system

| | HUMAN RIGHTS | ENVIRONMENT | HEALTH AND SAFETY OF PEOPLE |
|---|---|---|---|
| **Danone activities** | **Danone Ethics Line: whistleblowing system that includes, among others, reports of discrimination, issues affecting health and personal safety, human rights violations and environmental violations** | | |
| | | | • Specific procedures for escalating serious accidents or risks (all cases related to safety are escalated to the chief of Health and Safety function and investigated and lead to a remediation action including sanctions) |
| **Activities of suppliers and sub-contractors** | **Danone Ethics Line is accessible to third parties including suppliers** | | |
| | **A dedicated team meets regularly to address any incoming NGO and media alerts** | | |

For more information related to Danone Ethics Line and Danone's performance, please refer to the section 5.5 *Focus on Tier 1 suppliers other than milk farmers: RESPECT Program, Whistleblowing system section.*

*For more information, see the following sections:*

- *5.1 An integrated approach of sustainable business model*

- *5.3 Preserve and renew the planet's resources;*

- *5.4 Focus – Respecting and promoting human rights in Danone operations;*

- *5.4 Workplace health and safety (Action plans section);*

- *5.5 Focus on Tier 1 suppliers other than milk farmers: RESPECT Program (section Whistleblowing system);*

- *5.5 Responsible Sourcing and Human Rights in the supply chain (Labor and environmental risk mapping section);*

- *5.5 Other ingredients than milk – upstream supply chain (Upstream supply chain transparency section).*

## Monitoring of measures and assessment of their effectiveness

| | HUMAN RIGHTS | ENVIRONMENT | HEALTH AND SAFETY OF PEOPLE |
|---|---|---|---|
| **Danone activities** | • Tracking of Danone Way results and deployment of additional educational content and improvement assistance including the human rights component. In 2021, 99% of entities have been assessed on their human rights respect processes focusing on temporary workers (see section 5.8 *Methodology Note*) | • Tracking of environmental performance indicators<br>• Audits based on the risks. In 2021, 19 sites have been audited in connection with Danone's environmental risks. | • Monthly management of safety performance at all levels of the organization and tracking of workplace accidents<br>• Audits to measure the effectiveness of the WISE² program<br>• In 2021, a total of 116 entities assessed their compliance with Danone's global health and safety processes *via* Danone Way program (see section 5.8 *Methodology note*) |
| **Activities of suppliers and sub-contractors** | • *Tracking of RESPECT program performance indicators*<br>• *Increase in milk volumes covered by CPM contracts*<br>• *Improved traceability of priority ingredients* | • *Tracking of RESPECT program performance indicators*<br>• *Performance monitoring using the Cool Farm Tool and the Animal Welfare tool*<br>• *Improved traceability of priority ingredients*<br>• *Regenerative agriculture scorecard to support and assess the improvement of farmer's practices in regard to regenerative agriculture* | • *Tracking of RESPECT program performance indicators* |

In 2021, Danone increased the traceability of ingredients such as palm oil, cane sugar, cocoa and soy.

Danone tracks its RESPECT program using three indicators. In 2021, the RESPECT program resumed the regular tracking of these indicators (due to the Covid-19 pandemic, in 2020 the indicators measured the procurement teams' efforts and involvement in planning and follow up with suppliers).

- RESPECT KPI1 measures the supplier registration rate on Sedex or Ecovadis platform: it reached 98% of in scope suppliers in 2021;
- RESPECT KPI2 measures the annual audit plan completion; 91% of SMETA audits planned were completed in 2021;
- RESPECT KPI3 measures the audit closure rate: 82% of audits that identified critical non-conformities (being commissioned by Danone on by peers on common suppliers) have been closed in the expected timeline. Audits that have not been closed continue to be monitored. In most cases, critical non-conformities were related to health and safety, working hours and compensation.

*For more information, see the following sections:*
- *5.3 Preserve and renew the planet's resources;*
- *5.4 Focus – Respecting and promoting human rights in Danone operations;*
- *5.4 Workplace health and safety (Outcomes section);*
- *5.5 Focus on Agricultural supply chain (Milk direct sourcing section)*
- *5.5 Other ingredients than milk – upstream supply chain (Upstream supply chain transparency section);*
- *5.5 Focus on Tier 1 suppliers other than milk farmers: RESPECT Program (Tracking and assessing the effectiveness of supplier programs section).*

# 5.8 METHODOLOGY NOTE

## CONSOLIDATION SCOPES AND COVERAGE

The consolidation scope consists of all Danone subsidiaries that are fully consolidated for the preparation of the consolidated financial statements, in other words, the subsidiaries in which Danone holds, directly or indirectly, exclusive control.

Nevertheless, some subsidiaries do not report all social, safety, environmental, and health and nutrition indicators. These entities were consolidated for financial reporting purposes as of December 31, 2021 and action plans are planned and/or in progress to ensure the availability and reliability of the data. Lastly, the list of subsidiaries that do not report certain indicators may differ depending on the types of indicators. The coverage scope varies according to the indicator categories, as described in the sections below:

| INDICATOR | SCOPE |
|---|---|
| **Production Site Food Safety** | In 2021, 189 production sites were included in the scope considered for FSSC 22000 certification. These sites correspond to the production sites for all of Danone's Reporting Entities and do not include the production sites of co-manufacturers and suppliers. |
| **Total Company Headcount Social Indicators** | In 2021, 150 entities representing 99.6% of Danone's total headcount reported social indicators. This rate may vary depending on the types of social indicators reported (see *Information regarding methodologies*). |
| **Safety** | In 2021, 190 entities representing approximately 99.9% of Danone's total headcount reported safety-related indicators.<br>In addition, the safety data of subsidiaries removed from the consolidation scope as of December 31, 2021 is reported up to the date of their deconsolidation but is not included in the headcount as of December 31, 2021. |
| **Production Site Environment** | Danone monitors the environmental performance of its production sites using an operational control approach. In 2021, 181 Danone production sites, representing more than 99% of total production, reported environmental indicators.<br>The environmental impact of tertiary buildings (offices, research centers, etc.) is not included in the scope of consolidation (except for certain indicators, when these buildings are adjacent to production sites). Given that their greenhouse gas emissions represent less than 5% of Danone's total scope 1 and 2 emissions, the environmental impact is considered as non-significant. |
| **Greenhouse Gas Emissions** | The Company's total emissions consist of greenhouse gas emissions within the scope of responsibility:<br>• scope 1: these comprise direct emissions from stationary combustion facilities and refrigeration units installed at the industrial sites and warehouses under Danone's operational control, as well as the employee vehicle fleet under the Company's operational control;<br><br>• scope 2: these include indirect emissions related to the production of electricity, steam, heating and cooling purchased and consumed by industrial sites and warehouses under Danone's operational control;<br><br>• scope 3: these comprise indirect emissions that are not recognized in scope 2: emissions from raw materials purchasing (including agricultural upstream), packaging, production, transport and distribution, warehousing, product usage and end of useful life.<br><br>Scopes 1 and 2 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Standard. Danone has elected to consolidate scope 1 and 2 emissions in accordance with the operational control approach and to include all sources of emissions from its industrial sites (see *Production Site Environment Scope*), warehouses, distribution centers and corporate vehicle fleet. Emissions from offices and research centers are excluded as they represent less than 5% of Danone's total scope 1 and 2 emissions. Scope 3 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. This approach considers emissions all along the Company's value chain.<br>Scope 3 emissions:<br>• upstream emissions (physical flows entering the plants) covered a scope representing approximately 99% of Danone's production volumes in 2021;<br><br>• downstream emissions (physical flows exiting the plants) covered a scope representing approximately 99% of Danone's sales volumes in 2021.<br><br>The increase in coverage relative to 2020 for both upstream and downstream emissions can be attributed mainly to the inclusion of the Sirma entity (Waters, Turkey) in the scope 3 reporting scope.<br>Only scope 1 and scope 2 emissions are calculated for the Danone Proviva AB (EDP, Sweden), Danone Iran (EDP, Iran), Damavand (Waters, Iran) and IBIC (Waters, Brunei) entities.<br>Within the Specialized Nutrition Reporting Entity, scope 3 emissions for about 10 sales entities, located mainly in South America, Europe and the Middle East, were excluded from the scope 3 emissions reporting scope in 2021. For the EDP Reporting Entity, scope 3 emissions from operations related to the *Vega* brand were excluded. |

| INDICATOR | SCOPE |
|---|---|
| **Packaging** | In 2021, data on packaging was collected from all Danone production entities, representing 99% of its production volumes. The % recycled PET (rPET) indicator used on average by the Waters Reporting Entity in countries where local standards and regulations allow is calculated excluding China, Iran, and Turkey, where local regulations prohibit the use of recycled materials in plastic bottles. |
| **Health and Nutrition** | In 2011, Danone created a series of performance indicators (One Health Scorecard) to measure progress made regarding health and nutrition, particularly product composition and responsible communication. These indicators are consolidated for a scope of 33 countries covering all of Danone's Reporting Entities and geographic regions. In 2021, 75 entities representing 81% of consolidated sales reported health and nutrition indicators (82% in 2020). |
| **Danone Way** | In 2021, 144 entities conducted a Danone Way self-assessment, representing 98.3% of Danone's consolidated sales (99.5% in 2020). This program also covers 98.6% of Danone's total headcount. |

## LIKE-FOR-LIKE CHANGES IN SCOPE (CONSTANT SCOPE)

Danone measures changes in environmental indicators and in greenhouse gas emissions on a like-for-like basis, *i.e.* at constant consolidation scope and constant methodology. The 2021 data has been restated using the same consolidation scope and constant methodology as that of 2020.

## DEFINITION OF THE REPORTING ENTITIES

| | |
|---|---|
| **Essential Dairy and Plant-Based (EDP)** | Production and distribution of fresh fermented dairy products and other dairy specialties, plant-based products and drinks, and coffee creamers |
| **Specialized Nutrition** | Production and distribution of specialized food for babies and young children to complement breast-feeding and for people afflicted with certain illnesses or frail elderly people |
| **Waters** | Production and distribution of bottled water, water sold in large containers (jugs), and water sold in small containers |

## DATA COLLECTION

To ensure the homogeneity of the indicators across the reporting scope, shared data reporting guidelines for social, safety, environmental, and health and nutrition data are transmitted and updated each year following data consolidation and contributors' comments. These guidelines specify the methodologies to be used for reporting the indicators, including definitions, methodology principles, calculation formulas and standard factors.

These reporting guidelines for social, safety, environmental, GHG, health and nutrition and Danone Way data are available on request from the One Planet. One Health Integration Department.

The social, safety, environmental, and health and nutrition indicators are transmitted by subsidiaries and/or production sites and consolidated at the global level by the relevant departments. Environmental data are checked at the subsidiary level and then at the Reporting Entity level when reported. Social and safety data are checked at the end of the second quarter and at the time of consolidation as of December 31, 2021. Lastly, health and nutrition data are checked at the subsidiary level and then at the Reporting Entity level when reported.

### Social and safety indicators

The Human Resources Department is responsible for social and safety indicators. The subsidiaries' social data are generally derived from their payroll systems and reported *via* Danone's financial information consolidation software (SAP / Business Objects Financial Consolidation). Safety indicators are reported monthly by each entity in AIRSWEB, Danone's safety data consolidation system.

### Environmental indicators

The Nature & Water Cycle Department is responsible for environmental indicators. Production Site Environment indicators are reported by each production site's Environment manager using the PURE Platform tool implemented in 2018 with UL EHS Sustainability. This is the third year that scope 3 greenhouse gas emissions data, including packaging data, were reported using this same tool.

### Health and nutrition indicators

The Alimentation Science Department is responsible for health and nutrition indicators. Health and nutrition data are reported by the Scorecard Owners at each subsidiary through a system of standardized forms, which are then consolidated to calculate the global indicators. Product data are generated by Reporting Entity-specific systems (Nutripride for the EDP Reporting Entity, NutreBase for the early life nutrition activities of the Specialized Nutrition Reporting Entity, and Aquamap for the Waters Reporting Entity). Data on volumes are generated by Danone's financial information consolidation software. Lastly, training data are taken from the Human Resources reporting systems. This information and information about consumer programs are reported by Scorecard coordinators at each subsidiary using the PURE Platform tool.

### Danone Way indicators

The One Planet. One Health Integration Department is responsible for Danone Way, a qualitative program which guides subsidiaries toward the Danone 2030 Goals *via* a progressive framework of practices. The Danone Way indicators correspond to the percentage of subsidiaries for which it has been determined that one or more practices are applicable and applied. They are reported by the Danone Way coordinators at each subsidiary using the PURE Platform data management tool. For certain entities (large entities or combinations of entities), a threshold for approving a practice (indicator) has been set at 80% of the entity's sales or headcount.

# INFORMATION REGARDING METHODOLOGIES

The methodologies used for certain social, environmental and nutrition indicators may have limits due to:

- the absence of common national and/or international definitions;

- necessary estimates, the representative nature of measurements taken or the limited availability of external data required for calculations.

For these reasons, the definitions and methodologies used for the following indicators are specified.

### Headcount

A negligible portion of the managerial headcount data is not collected during the data reporting period (a few cases of internationally mobile employees on assignment at other Danone entities).

Furthermore, some disparities may exist in the headcount accounting methods for expatriate employees (this is the case for expatriate employees who have three-party contracts between the employee, the home subsidiary and the host subsidiary).

Employees on long-term leave (more than nine months) are not counted in the total headcount at the end of the reporting period.

In China, employees paid by Danone but whose contracts are with a third-party company (equivalent to a temporary work agency) are not included in the headcount.

Fixed-term contracts and movements within Danone are not included in the entries / exits.

The first year that entities are included in the reporting scope, they only report total headcount and are not consolidated in the social indicators scope until the first full fiscal year thereafter. In 2021, that was the case for ELN Qingdao (Specialized Nutrition, China) and Earth Island, Inc (Specialized Nutrition, United States) for a total headcount of 368 people, *i.e.* 0.4% of total headcount. The Harrogate Spring Water entity (Waters, United Kingdom), representing 0.09% of headcount, was included in the reporting scope for the first time in 2020, and was therefore consolidated in the social indicators scope in 2021, with the exception of its training data.

### Number of training hours / Number of permanent employees trained / Percentage of permanent employees trained / Number of training hours per permanent employee

Training data for French subsidiaries includes training that is categorized as ongoing professional training, as well as other types of training.

The number of permanent employees trained takes into account all permanent employees who received at least one training course during the year, including those who were no longer employed as of December 31, 2021.

The number of training hours takes into account all courses during the year, including hours of training received by those who were no longer employed as of December 31, 2021.

Training courses for which supporting documents are not received by the closing date for reporting are included in the following fiscal year.

The percentage of permanent employees trained is equal to the ratio of the number of permanent employees trained to the average permanent employee headcount.

The number of training hours per employee is equal to the ratio of the number of training hours to the average permanent employee headcount.

### Absenteeism

The absenteeism rate is expressed, in percentage, as the total number of hours of absence divided by the total number of theoretical hours worked. The reasons for absence taken into account by this indicator include sick leave (with or without hospitalization), absences due to work-related illness and injury, absences due to strikes and unauthorized absences. Absences due to maternity / paternity leave, other authorized leave and long-term absences (more than nine months) are not taken into account.

The assumptions used to calculate the theoretical hours worked are left to the discretion of the subsidiaries on the basis of local specificities, which can lead to minor discrepancies.

Some subsidiaries monitor absenteeism only for employees who are paid on an hourly basis, while other employees are included in a program under which they receive a number of days that can be used for various reasons (vacation, sickness, special leave, etc.). In particular, this is the case for the activities of The Dannon Company Inc. (EDP, United States) and Danone Inc. (EDP, Canada), Danone's subsidiaries in Brazil and in Argentina, and SALUS (Waters, Uruguay). The Danone Waters of America (Waters, United States), Happy Family (Specialized Nutrition, United States), Advanced Medical Nutrition (Specialized Nutrition, Argentina) and Nutricia Bago Argentina Baby (Specialized Nutrition, Argentina) subsidiaries are not included in the scope.

The scope covered represents about 95% of Danone's total headcount.

### General collective agreement

A collective agreement results from collective bargaining between an employer, a group of employers or employers organizations on the one hand, and trade unions or work councils on the other hand.

It refers to a written agreement regarding working conditions and terms of employment. It includes all measures forming a minimum basis, generally more advantageous than the legal requirement, and covering diverse topics, in particular wages, social protection and working conditions.

Collective agreements can be negotiated at the Company level (Danone), the regional level, the country (or country cluster) level or the entity level.

## Frequency rates of work accidents

The frequency rate of workplace accidents with medical leave (FR1) represents the number of workplace accidents with lost time of one day or more that occur over a 12-month period per one million hours worked.

The frequency rate of workplace accidents without medical leave (FR2) represents the number of workplace accidents without medical leave for every one million hours worked.

The severity rate (SR) represents the number of calendar days of absence due to workplace accidents with medical leave for every 1,000 hours worked.

The hours worked are actual hours worked; by default, theoretical hours worked are taken into account on the basis of local practices and regulations regarding working time.

The assumptions used to calculate the theoretical hours worked are left to the discretion of the subsidiaries on the basis of local specificities, which can lead to minor discrepancies.

Workplace accident indicators also cover accidents affecting temporary employees, workers employed through staffing agencies or service providers working at the sites as well as interns who have an internship agreement with Danone. Temporary employees and workers employed through staffing agencies or service providers are individuals who do not have a work contract with Danone but are under its management, work on a temporary or non-temporary basis, and for whom Danone is able to collect data on working time (in number of hours). The collection of working hours for temporary employees and workers employed through staffing agencies is under the local responsibility of the subsidiaries. The control of this data by Danone, the wide fluctuation in this population of workers and the disparity of the agencies limit the completeness of data relating to this category.

In 2021, one accident without medical leave was reclassified, which had very little impact on the values published in 2020 in this document.

## Production

The production of Danone's industrial sites is the total production of finished and semi-finished products at each of the sites. As some semi-finished products are used as ingredients at other Company plants, total production of the industrial sites is greater than Danone's total production.

Production of by-products such as cream is not included in production volumes.

## Greenhouse gases (GHG)

Results are presented in tons of carbon dioxide equivalent in order to standardize the emissions calculated for carbon dioxide, methane, nitrous oxide and hydrofluorocarbons (HFCs).

### Scopes 1 and 2 greenhouse gas emissions

Scopes 1 and 2 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Standard (January 2015 revised edition). In January 2015, the GHG Protocol published a guidance document on the method used to account for scope 2 greenhouse gas emissions, which introduces dual reporting:

- location-based reporting, which reflects emissions due to electricity consumption from a conventional power grid. It therefore uses primarily an average emissions factor of the country's energy mix;

- market-based reporting, which reflects emissions from energy consumption taking into account the specific features of the energy contracts chosen and also considers the impact of the use of energy from renewable sources.

Danone has set its reduction targets according to the market-based method.

Emissions (scopes 1 and 2) are calculated by applying global warming potentials and emissions factors to the activity data:

- the global warming potentials used for methane ($CH_4$) and nitrous oxide ($N_2O$) as well as the impact of fugitive emissions of refrigerants correspond to data in the IPCC Fifth Assessment Report (AR5), Climate Change 2013. The IPCC (Intergovernmental Panel on Climate Change) is a group of inter-governmental experts specialized in climate change;

- the emissions factors used to calculate emissions related to energy combustion correspond to data in the 2006 IPCC Guidelines (2006 IPCC Guidelines for National Greenhouse Gas Inventories);

- electricity emissions factors follow the hierarchy defined in the new scope 2 guidance document of the GHG Protocol for market-based reporting. Suppliers' specific factors must be certified by instruments that prove the origin of electricity (guarantee of origin certificates). If some of the electricity used is not of certified origin, the emissions factors used are the national residual mixes published by official bodies such as the Association of Issuing Bodies (AIB) in Europe and Green-e in North America. For countries that do not have green-electricity attribute instruments, the emissions factors used are those used for location-based reporting provided by the International Energy Agency (2020 publication of energy mixes in 2018);

- the factors used for heating and steam are from the UK Department for Environment Food & Rural Affairs' (DEFRA) 2018 publication and the factors used for cooling are from the carbon database of the French Agency for the Environment and Energy Management (ADEME, 2017);

- the emissions factors used to characterize the impact of fugitive refrigerant emissions are based on the IPCC Fifth Assessment Report (AR5), "Climate Change 2013: The Physical Science Basis" published in 2013.

### Scope 3 greenhouse gas emissions

This was the third year that scope 3 emissions were measured using an entity-based organization approach.

Scope 3 emissions are calculated in accordance with the methodology set out in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. These emissions are calculated by applying to each reporting entity's activity data the emissions factors from life-cycle analysis databases (Ecoinvent), professional federations (Plastics Europe, FEFCO, FEVE), the Food and Agriculture Organization of the United Nations (FAO), suppliers that have measured their products, and measures recorded as part of the deployment of the Cool Farm tool.

This is the fourth year that the Company has used the emissions factors from the Cool Farm tool to calculate emissions for milk used in products, which accounted for 36% of Danone's emissions in 2021. This tool was developed by the cross-sector Cool Farm Alliance, whose members include manufacturers, research centers and non-governmental organizations, with the aim of developing and promoting the use of measurement systems for sustainable agriculture. In France, Danone uses the emissions factors from the Cap2Er tool (automated calculation of the environmental performance of ruminant farming), developed in collaboration with the French Livestock Institute (IDELE). By default, Danone uses the FAO's 2019 emissions factors for countries outside of France where the Cool Farm tool has not been implemented.

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This is the fourth year that, in order to calculate emissions for dairy ingredients, which accounted for 16% of Danone's emissions in 2021, the Company has used specific emissions factors that are calculated by its suppliers and take into account emissions related to the milk in dairy ingredients and emissions related to processing techniques, which factor in the energy intensity of production for each ingredient, as well as transportation between the farms and Danone's suppliers. By default, the FAO's 2019 emissions factors are used for suppliers for which these emissions factors are not available.

The updated methodology and rules for calculating scope 3 emissions were documented in a report shared with all contributors to the Company's emissions reporting. An independent third party has confirmed that these carbon accounting guidelines comply with the GHG Protocol.

### Carbon-adjusted recurring EPS

To give its stakeholders more visibility on the cost of Danone's scope 1, 2 and 3 emissions as a share of earnings, Danone continues to present since February 2020 a carbon-adjusted recurring earnings per share (EPS). This metric takes into account the estimated financial impact of the cost of carbon on its value chain.

These carbon-adjusted recurring EPS are calculated as the difference between recurring EPS (defined in section 3.5 *Indicators not defined by IFRS*) and the cost of carbon per share. The cost of carbon per share is the product of Danone's total scopes 1, 2 and 3 emissions (see section 5.3 *Preserve and Renew the Planet's Resources*) by the cost per ton of carbon, divided by the number of shares after dilution (see section 3.2 *Consolidated net income review*).

The cost per ton of carbon is estimated at €35/t, a figure that Danone has used internally since 2015. This estimate is corroborated by the cost per ton of carbon (i) on the regulated ETS markets, (ii) on the voluntary carbon credit market, and (iii) by a benchmark of companies that provide information on cost per ton of carbon.

### EU Taxonomy

Danone has calculated its performance indicators in accordance with the provisions of European Regulation 2020/852 (the "Taxonomy" Regulation) and Annex I of the Delegated Act of July 6, 2021, using the methodology described below:

#### Justification of the non-materiality of operating expenditures ("OpEx") and application of the disclosure exemption

- OpEx, within the meaning of the Taxonomy Regulation, are limited to (i) direct non-capitalized research and development costs, (ii) direct maintenance and renovation costs, and (iii) direct short-term lease costs;

- it represented less than 3% of Danone's total OpEx in fiscal year 2021, which consisted of costs relating to products sold (procurement, logistics, transport) and to selling expenses (marketing, promotions, and personnel costs).

#### Calculation of the ratio that determines the share of Danone's eligible capital expenditures ("CapEx")

*Calculation of the denominator*

This corresponds to the increase in property, plant and equipment and intangible assets in fiscal year 2021, which totaled €1,353 million, of which €245 million for IFRS 16 right-of-use assets and €68 million for additions to the consolidation scope (see Notes 6.5 and 10.2 of the Notes to the consolidated financial statements).

*Calculation of the numerator*

This concerns "individually sustainable measures" within the meaning of the Taxonomy Regulation and breaks down as follows:

| Type of asset | Share of total eligible assets | Source of data used to calculate the ratio |
|---|---|---|
| Buildings and vehicle fleets leased under long-term leases | 63.0% | Accounting information systems |
| Buildings acquired, built and/or renovated | 34.8% | Accounting information systems |
| Other, including energy efficiency equipment for buildings | 2.2% | Internal CapEx approval tool |

### Packaging

The data on packaging concern primary, secondary and tertiary packaging (excluding pallets) purchased for Danone's operations and are given in tons of material. Packaging purchased for subcontractors who manufacture finished products for Danone is excluded.

Calculations relating to the recyclability rates of Danone packaging are based on the new definition of recyclability by type of packaging recommended by the Ellen MacArthur Foundation (EMF) for the circular economy. According to this methodology, a packaging is recyclable if post-consumer collection, sorting, and recycling are proven to work in practice and at scale, which means it achieves a 30% post-consumer recycling rate in multiple regions, collectively representing at least 400 million inhabitants.

The calculation of recycled components for cardboard and plastic materials is based on actual volumes used.

Assumptions for the calculation of recycled components for glass and metal materials are based on the best available data as well as supplier data:

- recycled components for glass: 50% worldwide;

- recycled components for metal and aluminum: 40% worldwide.

### Waste

Following the application of a new standard, the Food Loss and Waste Protocol (version 1.0 of June 2016), since 2016, Danone has consolidated the quantities of waste generated according to the following categories: treatment facilities' sludge, waste, whey, food waste collected on site and food waste discharged with wastewater, packaging waste, hazardous waste and, lastly, other non-hazardous waste. Since 2019, Danone has focused on the most substantial categories (food waste and packaging waste) and excluded hazardous waste and other non-hazardous waste, representing 10% of total quantities of waste produced at production sites in 2021, from the consolidation scope.

The Food Loss and Waste Protocol is the first international standard for measuring food losses not used for human consumption. It was established under a partnership between the Consumer Goods Forum, the Food and Agriculture Organization of the United Nations, the United Nations Environment Programme, the World Business Council for Sustainable Development (WBCSD), and the World Resources Institute.

Food waste is consolidated for the Production Site Environment scope with the exception of the Waters Reporting Entity plants. It includes finished product, raw material and by-product (whey not used for human consumption) losses. This waste may be collected or discharged with wastewater, or form part of the wastewater treatment plant sludge:

- whey and okara collected on site and not used for human consumption are reported as dry matter content;

- waste collected on site is reported in real weight, *i.e.* weight as shown in on-site waste removal orders;

- waste discharged with wastewater and recovered in the sludge at treatment facilities is reported as a percentage of dry-matter content in sludge;

- waste discharged with wastewater and not recovered in the sludge at treatment facilities is calculated in tons of chemical oxygen demand (COD) discharged.

Since 2020, Danone has also introduced reporting that consolidates food waste from its production sites with food waste generated in the scope 3 downstream sub-scope within the Greenhouse Gas scope.

None of the products and by-products that are used for human consumption (production of lactose or cheese from whey, etc.) are included. Data related to waste recovery includes materials recovery (recycling, composting, reuse, animal feed, sludge used in agricultural applications, etc.) and energy recovery (methanation, incineration with energy recovery). Unused waste is waste that is sent to landfill, discharged to the sewer or incinerated without energy recovery.

As a reminder, in 2018, sludge from wastewater treatment in external wastewater treatment plants started to be included in the indicator of recovered waste, when the traceability of this recovery was available. The completeness of this data was improved in 2019.

### Water consumption
The definitions and the method of accounting for various uses of water (including run-off, water pumped from and discharged into streams, water used in the composition of finished products, recycled / reused water, water given to a third party, etc.) are specified in the technical environmental guide prepared by Danone and provided to its subsidiaries. The amount of water withdrawn corresponds mainly to water used for industrial processes and in finished product formulation.

Water used in once-through cooling systems (in which the water withdrawn is returned to its original environment after it has passed through the system once without recirculating) is not taken into account in the total amount of water withdrawn.

Rainwater is not taken into account in the total amount of water withdrawn. It is included in volumes of recycled / reused water only if it is used by the site.

For the Waters Reporting Entity sites, volumes of water withdrawn but not consumed by the site are not taken into account due to losses or to overflow upstream from the plant (losses or overflow at the well or spring level).

When logistics centers are located adjacent to industrial sites, their water consumption is taken into account if the site is unable to subtract this consumption.

### Energy consumption
This indicator mainly covers consumption at the production sites. When Research and Development centers or warehouses are located adjacent to production sites, estimates may be made for a given production site to take into account only its own energy consumption (estimate and deduction of the amount of energy consumed by the non-industrial sites adjacent to the production site).

In some cases, the energy consumption of buildings located adjacent to an industrial site is taken into account if the site is unable to subtract its consumption.

The rules for conversion between the different units used to track energy consumption (m3, liters, Btus, etc.) and the standard reporting unit (MWh) are specified in the technical environmental guide prepared by Danone and provided to its subsidiaries. In certain cases, the subsidiaries use conversion factors provided by their suppliers.

### Wastewater
The net Chemical Oxygen Demand (COD) data presented correspond to wastewater after internal and/or external treatment. In case of external treatment reported by the site, a purification rate of 90% is assumed.

### Percentage of volumes sold corresponding to healthy categories
Volumes sold in healthy categories correspond to fresh dairy products intended for daily consumption, Specialized Nutrition Reporting Entity products (except biscuits and beverages for children under 3 years of age and foods for children over 3 years of age in the early life nutrition activities), and all waters and flavored waters with 0% sugar. This indicator is calculated in the One Health Scorecard scope.

### Percentage of volumes compliant with Danone's 2020 nutritional targets
This percentage is calculated for the One Health Scorecard scope. It includes all product categories except mineral water, cooking aids, plant-based products and products for which a target has not yet been defined. Products must meet all the nutrient thresholds for their category in Danone's 2020 nutritional targets. Compliance is weighted by volumes of products sold. This rule applies at both the portfolio and the product (e.g., multipack) level.

If a local regulatory constraint applies to a nutrient, it is excluded from compliance. All the information on Danone's 2020 nutritional targets can be found on its website.

### Percentage of product volumes with no added sugars
This percentage is calculated for all product categories in the EDP (excluding plant-based products), Waters and Specialized Nutrition Reporting Entities for its early life nutrition activities; its medical nutrition products are excluded.

The products included in this indicator are those whose added sugar content is equal to zero grams.

### Volumes that display on-pack nutritional information / Volumes that display off-pack nutritional information/Volumes that display information on portion size

This percentage is calculated for the health and nutrition scope for the EDP Reporting Entity (plant-based products are excluded), the Specialized Nutrition Reporting Entity and aquadrinks (not relevant for waters, which are subject to separate regulations). For medical nutrition products, 100% is applied by definition as the products are prescribed by healthcare professionals and the labeling must comply with local legislation. All volumes distributed through out-of-home distribution channels (restaurants, cafeterias, etc.) are evaluated "as is" when they leave Danone's production site, as the way the products are ultimately served to consumers is out of Danone's control and at that stage there may be no nutritional labeling: a restaurant can serve products in individual dishes without their original cardboard packaging or (for bulk products) in another container. The information provided to consumers about portions consists of an indication of portion size and the number of portions in the package.

### Volumes that display nutritional information on the front of the packaging

This percentage is calculated for the health and nutrition scope for the EDP Reporting Entity (excluding plant-based products) and aquadrinks (excluding countries where regulations prohibit the publication of this information).

### Number of employees trained on the WHO Code and Danone's BMS Policy

This indicator tracks the number of employees working in the early life nutrition activities within the Specialized Nutrition Reporting Entity who were trained on Danone's policy on the marketing of breast milk substitutes over a one-year period.

# 5.9 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT INCLUDED IN THE MANAGEMENT REPORT

*This is a free translation into English of the Statutory Auditor's 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 standards applicable in France.*

Year ended on December 31, 2021

To the Shareholders's Meeting of Danone,

In our capacity as Statutory Auditor of Danone (hereinafter the "entity"), appointed as an independent third party and accredited by Cofrac (Cofrac Inspection Accreditation n°3-1060, whose scope is available at www.cofrac.fr), we conducted our work in order to provide a report expressing a limited assurance conclusion on the historical information (observed and extrapolated) of the consolidated non-financial information statement (hereinafter respectively the "Information" and the "Statement"), prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for year ended on December 31, 2021, included in the management report pursuant to the legal and regulatory provisions of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

## Conclusion

Based on the procedures performed, as described in the "Nature and scope of our work" section, and the elements that we have collected, nothing has come to our attention that causes us to believe that the consolidated non-financial information statement is not compliant with the applicable regulatory provisions and that the Information, taken as a whole, are not presented fairly in accordance with the Guidelines.

## Preparation of the non-financial performance statement

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

Consequently, the Information needs to be read and understood with reference to the Guidelines, significant elements of which are available upon request from the entity's headquarters.

## Inherent Limitations in Preparing the Information

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 are sensitive to the methodological choices, assumptions and/or estimates used to prepare the Information presented in the Statement.

## The entity's responsibility

The Board of Directors is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- the preparation of the Statement in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of those policies, including key performance indicators and if applicable the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);
- designing, implementing and maintaining internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared in accordance with the entity's Guidelines as mentioned above.

## Responsibility of the Statutory Auditor, appointed as an independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225-105 I, 3 and II of the French Commercial Code, *i.e.*, the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information");

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions (in particular the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy), the French duty of care law and anti-corruption and tax evasion legislation);

- the fairness of the information required by Article 8 of Regulation (EU) 2020/852 (green taxonomy);

- the compliance of products and services with the applicable regulations.

## Regulatory provisions and professional standards applicable

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code and with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements, as well as with 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. 822-11-3 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 the 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 10 people between September 2021 and February 2022 and took a total of 25 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted 15 interviews with people responsible for preparing the Statement, representing among others risk management and compliance.

## Nature and scope of our work

We planned and performed our work considering the risk of material misstatement of the Information.

We consider that the procedures we performed were based on our professional judgment and allowed us to provide a limited level of assurance conclusion:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities;

- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;

- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III, as well as information regarding compliance with human rights and anti-corruption and tax evasion legislation;

- we verified that the Statement presents information set out in article L. 225-105-1 II where relevant to the principal risks;

- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes, including key performance indicators related to the principal risks;

- we referred to documentary sources and conducted interviews to:

  - assessed the process used to identify and confirm the principal risks and the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented, and

  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in the appendix. Our work was performed at the consolidation entity level;

- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with article L. 233-16, within the limitations set out in the Statement;

- we asked what internal control and risk management procedures the entity has put in place and assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;

- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in the appendix, we implemented:

  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;

  - substantive tests, 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 on a selection of contributing entities, 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 (Nertherlands), Danone SA (France) et Danone Turkey (Turkey) and covers between 20% and 38% of the consolidated data selected for these tests;

- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

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 French Institute of Statutory Auditors ("CNCC"); a higher level of assurance would have required us to carry out more extensive procedures.

Neuilly-sur-Seine, March 10th, 2022

**One of the Statutory Auditors**

**PricewaterhouseCoopers Audit**

| | |
|---|---|
| François JAUMAIN | Sylvain LAMBERT |
| Partner | Sustainable Development Partner |

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## APPENDIX: LIST OF THE INFORMATION WE CONSIDERED MOST IMPORTANT

Selection of qualitative and quantitative information, associated to the policies, actions and results relating to the main thirteen risks identified for Danone's activities, presented in the following sections of the management report:

| Main risks or opportunities identified (Danone's material issues) | Sections of the Universal Registration Document presenting the associated policies, actions and results reviewed in the context of our work |
|---|---|
| **Responsible practices: ethics and integrity** | **Section 5.1 An integrated approach of sustainable business model**<br>Including the KPI:<br>• Number of third parties that have been checked as part of the deployment of the new third-party due diligence solution |
| **Unique product portfolio to impact people's health** | **Section 5.2 Offering safe, healthy products**<br>Including the KPIs:<br>• % of volumes sold corresponding to healthy categories<br>• % of volumes sold that comply with Danone nutritional targets<br>• % of volumes sold without added sugars<br>• % of product volumes meeting internal sugar targets<br>• % of volumes sold with nutritional information on the front of the package<br>• Site FSSC 22 000 certification rate |
| **Responsible communication** | **Section 5.2 Offering safe, healthy products**<br>Including the KPIs:<br>• Compliance rate from Danone's television advertising to the EU Pledge criteria<br>• Compliance rate from the subsidiary websites to the EU Pledge criteria |
| **Marketing of breast milk substitutes** | **Section 5.2 Offering safe, healthy products**<br>Including the KPI:<br>• Number of employees trained on Danone's policy on breast milk substitutes |
| **Fight against climate change** | **Section 5.3 Preserve and renew the planet's resources**<br>Including the KPIs:<br>• Total Scopes 1,2 & 3 emissions<br>• Pourcentage of renewable energy |
| **Transition toward regenerative agriculture** | **Section 5.3 Preserve and renew the planet's resources**<br>Including the KPIs:<br>• % of the entities developed concrete projects involving at least one of the three pillars of the regenerative agriculture framework and on the main commodities used<br>• % of volumes of key ingredients supplied directly from farmers actively involved in the regenerative agriculture approach |
| **Circular economy** | **Section 5.3 Preserve and renew the planet's resources**<br>Including the KPIs:<br>• Proportion of industrial waste recovered<br>• Proportion of packaging waste recovered<br>• % of recyclable, reusable or compostable packaging |
| **Water management** | **Section 5.3 Preserve and renew the planet's resources**<br>Including the KPIs:<br>• Water drawn from the surrounding area<br>• Water related to the production processes<br>• Final discharge of chemical oxygen demand (COD) in tons<br>• Net COD ratio<br>• Proportion of facilities with a 4R action plan |

| Main risks or opportunities identified (Danone's material issues) | Sections of the Universal Registration Document presenting the associated policies, actions and results reviewed in the context of our work |
|---|---|
| **Inclusive talent development** | **Section 5.4 Building the future with Danone employees**<br>Including the KPIs:<br>• Total headcount and breakdown by gender, by age and by geographic regions<br>• Hirings and dismissals<br>• Turnover rate<br>• Absenteeism rate<br>• % of part-time employees<br>• Gender pay gap<br>• Number of employees covered by the parental policy<br>• Number of women trained as part of the partnership between UN Women and Bonafont in Mexico<br>• Total number of training hours<br>• % of entities having planned, at least once every two years, a development interview for each staff member |
| **Social dialogue** | **Section 5.4 Building the future with Danone employees**<br>Including the KPIs:<br>• % of employees covered by collective bargaining agreements<br>• % of Danone entities having discussed with unions or employee representatives and offered eligible employees the FutureSkills program when a validated project affected employees or their working conditions |
| **Employee security (including health and safety at work)** | **Section 5.4 Building the future with Danone employees**<br>Including the KPIs:<br>• Accident frequency and severity rate<br>• % of the annual plan of WISE² audits carried out within the framework of operations<br>• % of different sites audited as part of WISE² audits<br>• Number of countries that have deployed the EAP (Employees Assistance Program)<br>• Number of employees and number of countries benefiting from health coverage that fully or partially complies with the criteria defined by Dan'Cares<br>• % of sites having carried out their safety self-assessment<br>• Number of events noted by the SOC (Security Operational Center) as important or urgent<br>• Number of important or urgent events reported to the Company's security team, since employees were identified as being in the area of the event<br>• Number of occasions when the security team decided to contact all employees potentially affected by the event |
| **Business practices and price fixing** | **Section 5.5 Promoting sustainable, inclusive growth with suppliers through Responsible Sourcing and Human Rights**<br>Including the KPI:<br>• % of milk collected by Danone which comes from producers with CPM contracts |
| **Responsible sourcing and Human Rights** | **Section 5.5 Promoting sustainable, inclusive growth with suppliers through Responsible Sourcing and Human Rights**<br>Including the KPIs:<br>• % of the palm oil sourced by Danone certified RSPO Segregated<br>• % of the palm oil sourced by Danone certified RSPO Mass Balance<br>• % of supplier registration on the Sedex or Ecovadis platform<br>• Total number of critical non-conformities identified during SMETA audits<br>• Breakdown of critical non-conformities identified during SMETA audits by type<br>• % of achievement of the annual audit plan<br>• % of closure of audits having identified critical non-conformities |
| **Other indicators [a]** | **Section 5.3 Preserve and renew the planet's resources**<br>Including the KPIs:<br>• Total number of ISO 14001 certified sites<br>• % of production sites compliant with GREEN standards |

(a) Indicators reviewed and linked to policies, actions and results not related to the thirteen main risks of Danone.

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## Qualitative information (actions and results):

- Compliance: Responsible practices: ethics and integrity
- Health and Nutrition
  - Unique product portfolio to impact people's health
  - Responsible communication
  - Marketing of breast milk substitutes
- Environment
  - Fight against climate change
  - Transition toward regenerative agriculture
  - Circular economy
  - Water management
- Social
  - Inclusive talent development
  - Social dialogue
  - Employee security
- Responsible sourcing and Human Rights
  - Responsible procurement: Business practices and price fixing
  - Human rights