

5.6 RESPONSIBLE BUSINESS CONDUCT

RESPONSIBLE PRACTICES: ETHICS AND INTEGRITY

Definition

Danone works actively against corruption, bribery, payments in kind, facilitation payments, conflicts of interest, theft, fraud, embezzlement, inappropriate use of group 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 Human Resources Compliance and Labor Law Director, Global Compliance Director – Ethics Line and a senior representative from the Security function.

Policies

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

All Danone's policies are available on the Group's intranet Compliance Library accessible to all employees.

GENERAL POLICIES

Code of Business Conduct

- updated in 2022;
- based on principles derived from:
 - the Universal Declaration of Human Rights;
 - the Fundamental Conventions of the International Labour Organization;
 - the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
 - the United Nations Global Compact on human rights, labor standards, environmental protection and anti-corruption;
- translated into 34 languages;
- covers a number of responsible practices-related topics, including anti-corruption, conflicts of interest, confidentiality, fraud, money laundering, interactions with Government Officials international trade sanctions and competition, data privacy, human rights and the environment;
- includes section on how to raise a concern about a breach or a potential breach of the code including a reference and a QR code access the Danone's Ethics Line.
- Danone deploys trainings on compliance fundamentals [see section hereinafter].

Disciplinary Code for Business Conduct Breach

- applies to all employees to ensure that the Group appropriately and fairly sanctions any unethical behavior in general, and/or any breach of its Code of Business Conduct.

Integrity Policy

- updated in 2022 and translated into 34 languages;
- includes a preface from the Chief Executive Officer and the Chief Compliance Officer;
- defines the rules and responsibilities governing the conduct of every Danone employee with respect to Bribery and Corruption, Gifts and Hospitality, Sponsorship, Donations and Grants, Interactions with Government Officials and Healthcare Professionals, Advocacy, Conflicts of Interest, Money Laundering, Fraud and Third Party Vetting;
- includes section on who does the policy apply to, how to use the policy, how to raise a concern, including reference to the Danone Ethics Line and the policy in relation to non compliance.



Third Party Vetting Compliance Policy	<ul style="list-style-type: none"> 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 Group in relation to anti-corruption, anti-bribery and/or international trade sanction laws and regulations as well as any other criminal or unethical activity; applies to all third parties; 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 Group, 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	<ul style="list-style-type: none"> updated in 2022 with a preface from the Executive President of Specialized Nutrition Category ; builds on the learning from the last 5 years and strengthens Danone's commitments to uphold the highest ethical standards including updating its transparency and disclosure requirements; 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	<ul style="list-style-type: none"> describes the Group's vision of advocacy and the way it engages with external stakeholders. In particular: <ul style="list-style-type: none"> 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 Group 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: <ul style="list-style-type: none"> Danone is listed in the EU Transparency Register, as well as the French Haute Autorité Française pour la Transparence de la Vie Publique (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.

Several compliance specific internal controls such as gifts and hospitality; interactions with government officials and healthcare professionals; events; sponsorships; donations and grants; public tenders, confidentiality of personal data, third party due diligence as well as effective implementation of the overall compliance program are in place. These controls are reviewed annually by internal control and periodically by internal audit and the results are used as a key input into Danone's compliance anti-corruption risk assessment.

Whistleblowing system: Danone Ethics Line

Danone has a clear whistleblowing policy as part of its Compliance Framework policy which encourages all employees, anonymously if necessary to speak up to raise a concern of any wrongdoing. Any employee raising a concern in good faith will not be retaliated against. The whistleblowing statement is also available on Danone.com and on the front page of Danone's whistleblowing system called the Danone Ethics Line.

The Danone Ethics Line was upgraded in 2022. It is available to anyone to access via the internet or via a phone line and is available in 52 languages. Suppliers and any other third party can also use the Danone Ethics Line to report their concerns, anonymously if necessary, about any violation of the Code of Business Conduct or any of Danone's compliance or complimentary policies (e.g. cybersecurity or purchasing), illegal behavior, inappropriate financial practice or activity posing an environmental or human rights risk.

In conjunction with the alerts received through the Danone Ethics Line and the non-conformities identified during the Group'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.

The Danone Ethics line is communicated to all employees on an ongoing basis via posters and through a targeted communication campaign every year. A QR code is now available on Danone's Code of Conduct, Integrity Policy, Healthcare Compliance Policy, posters, trainings and on the intranet. A link to the Danone Ethics Line is also available on the 'Contact Us' section of Danone's corporate website.

Employee training and information

Danone has a comprehensive compliance training program incorporating a mandatory annual compliance fundamentals e-learning for all employees with access to a laptop and a more targeted integrity essentials training for those employees identified at higher risk e.g. sales, finance, marketing, medical, public affairs, procurement,

Focus – Fight against tax evasion

In June 2022, Danone published its first tax transparency report on Danone's website. This publication illustrates the commitment of Danone for more tax transparency and fight against tax evasion. The transparency report includes the Danone's Tax Policy that underscores its commitment to responsible tax management and its pledge to avoid tax schemes that are artificial, fraudulent or disconnected from actual operations. The tax transparency report includes a range of information such as the total tax contribution with a detail per category of tax and per country. The tax transparency report will be 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.

R&I etc. In 2022, 99% of these Danone's employees completed the e-learning (see section 5.10 *Methodology Note*). In addition, Danone has specific trainings on interacting within the healthcare environment and international trade sanctions.

A new Third Party Vetting digital solution has now been 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 2022, 100% of countries where the Group operates have deployed this digital solution (70% in 2021).

Outcomes

In 2022, Danone received 506 alerts on various issues, including human resources, corruption and fraud (compared to 568 in 2021). None of these cases had a material impact on the Company's consolidated accounts.

In 2022, due to the rollout of the new third-party due diligence solution, over 70,995 third parties have already been vetted (14,425 in 2021). Among them, 99% were approved (95% in 2021), 0.8% were approved with mitigation (4.7% in 2021) and 0.2% were rejected (0.3% in 2021).

Danone's tax function is supervised by the Vice President Tax, who reports at least once a year to the Audit Committee on the main events of the year and on the Group'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 Group 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.

