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SOCIAL, SOCIETAL
AND ENVIRONMENTAL
RESPONSIBILITY

5.1 INTRODUCTION

A consistent, deeply rooted and renewed sustainability journey

The sustainability journey of Danone started long ago. As soon as 1972, Antoine Riboud, Chairman of the Group, publicly stated that the responsibility of a business goes beyond its factory's doors, positioning Danone as pioneer and visionary in the field of corporate responsibility. This philosophy set the base for the dual economic and social project of Danone. This dual project that has been, since then, at the heart of Danone's ways of working and taking decisions lies on a simple but powerful idea: there cannot be economic performance on the long term without positive impact on the society as a whole.

Building on this heritage, Danone defined more than 15 years ago its mission as a Group: bringing health through food to as many people as possible. Going further, Danone started a process to become a B Corp globally while deciding to embed this mission into the Group's by-laws, putting it at the center of its governance and decision process and becoming the first listed *Entreprise à Mission*.

In March 2022, Danone unveiled a new strategic plan, Renew Danone, that ambitions to reconnect Danone with a sustainably profitable

growth model, underpinned by greater alignment between purpose and performance. In that context, in February 2023, the Group reframed its sustainability roadmap called the Danone Impact Journey. It builds on 3 key principles:

- Recognizing the importance and co-dependence of the 3 pillars, Health, Nature and People & Communities;
- Hardwiring sustainability into the business, from a strategic, executional and financial perspective;
- Putting impact, and Danone's ability to meaningfully impact the food systems and the ecosystems it operates in, at the heart of what the Group does.

Danone's Impact Journey is articulated around 3 pillars, Health, Nature and People & Communities. For each pillar, the Group defines a set of priorities which are translated into mid to long-term objectives.



Key highlights from Danone's 2022 sustainability journey

- For the fourth year in a row, Danone has been recognized by CDP for its environmental leadership on the three assessed fields of climate, forests and water security, by reaching the AAA status again;
- Danone is one of the first two groups to have its 1.5°C FLAG Target approved by Science Based Target Initiative for Forest, Land and Agriculture;
- Danone launched a Global Energy Excellence Program, Re-Fuel Danone, to transform the energy footprint of its production sites worldwide and has signed the WASH Pledge;
- Danone is proud to participate as Official Partner of the Olympic and Paralympic Games Paris 2024, with a focus on healthy and sustainable nutrition;
- Danone issued two important new policies that anchor its ambition to go further on its social and sustainable commitments: Danone's renewed Forest Policy and Danone's Human Rights Policy.

For more information, see the sections of this chapter 5.

GOVERNANCE ESTABLISHED TO SUPPORT DANONE'S HEALTH, NATURE AND PEOPLE & COMMUNITIES FRAME OF ACTION

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, Health, Nature and People & Communities, as described below.

Corporate Governance bodies	Key missions as regards sustainability topics
Board of Directors	<ul style="list-style-type: none"> • Sustainability ambition, roadmap, actions plan and progress, as well as focus on specific topics and policies are regularly at the agenda of the Board of Directors. A reporting is done systematically on all outputs of CSR Committee discussions at the Board of Directors sessions.
CSR Committee (formerly Engagement Committee) of the Board of Directors	<ul style="list-style-type: none"> • Sustainability ambition, roadmap, actions plan and progress as well as focus on specific topics and policies are at every agenda of CSR Committee sessions; • An offshoot of the Board of Directors and of the CSR Committee, their respective missions and work in 2022 are detailed in section 6.1 <i>Governance Bodies</i>.
Internal Governance bodies	Key missions as regards sustainability topics
Executive Committee	<ul style="list-style-type: none"> • Sustainability ambition, roadmap, actions plan and progress as well as focus on specific topics and policies are at least quarterly at the agenda of the Executive Committee sessions.
Global Sustainability Board	<ul style="list-style-type: none"> • The Global Sustainability Board led by Chief Sustainability Officer and composed with functional and business leaders, is responsible for steering the execution of the sustainability strategy, including allocating resources, monitoring sustainability programs and making strategic decisions on sustainability topics at group level.
Global Sustainability Compliance Board	<ul style="list-style-type: none"> • The Global Sustainability Compliance Board is responsible for all compliance matters regarding sustainability, including anticipating and monitoring legal constraints and defining and validating Danone policies on Health, Nature and People & Communities.
Risk Committee	<ul style="list-style-type: none"> • The Risk Committee supports the Strategic Planning Department to build an integrated strategic risk mapping process, at Group level, that encompasses (i) strategic, operational and structural risks assessment and (ii) mitigation plans. Its members are senior executives from key functions in the Group. The Risk Committee notably ensures emerging risks are detected and reported, enables the integration of external input in the process and steers deep dives on select risks, as needed.

For more information on Danone's strategic risks policy, see section 2.6 *Risk Factors*.

Danone addresses specific sustainability topics within thematic committees which are mentioned throughout this chapter 5 *Social, Societal and Environmental Responsibility*.

Global and local sustainability teams

Leadership Sustainability team + Expert teams (including corporate and category sustainability experts)	<ul style="list-style-type: none"> • A global Sustainability team has been set up early 2022 with a role of Chief Sustainability and Strategic Business Development Officer at the Executive Committee level, supported in his mission by a Chief Sustainability Officer and a Global team of experts on all fields (Health, Nature and People & Communities); • A dedicated team of experts has been set up to frame and deliver Danone sustainability ambition, inform strategic decisions, build and nurture a high level network of experts, support Danone positions and lead specific topics supporting and bringing expertise to the different zones; • Dedicated expert teams are working within Global Sustainability team and as well within all Global functions and categories in Danone on: <ul style="list-style-type: none"> • health and nutrition; • nature (Climate, Regenerative Agriculture, Packaging, Water, Waste & Energy topics); • social (People & Communities). • A global sustainability network is also active on sharing all best practices, co-building together and scaling local initiatives to maximize the impact of Danone on Health, Nature and People & Communities.
Sustainable Finance team	<ul style="list-style-type: none"> • As part of the Finance Department, it works closely with the sustainability teams; • It work with its internal and external stakeholders to advance, monitor and report on Danone's sustainability performance; • The scope of the topics it addresses covers external reporting on Health, Nature and People & Communities.
Local sustainability teams	<ul style="list-style-type: none"> • In addition, Sustainability teams, operating in the different geographies, are responsible for coordinating Danone's sustainability strategy development at the regional and local levels. • Driving the local rollout of all Global Sustainability programs (e.g. B Corp certification and support the global sustainability audits process, Re-Fuel program on energy...).

A CONSISTENT SET OF PRINCIPLES TO DRIVE BUSINESS SUSTAINABILITY

Danone developed a set of standards outlining commitments to form fair, sustainable and ethical relationships: the Danone Sustainability Principles (DSP).

The DSP bring together Danone's fundamental values and principles related to human rights, environmental protection, and business ethics. They apply to Danone's value chain, *i.e.* Danone itself and its partners, including suppliers, distributors and all other third parties.

Operationally, the DSP are deployed through two implementation notes: Implementation note for Danone and employees (see in section 5.4 *People & Communities*, section *Respecting and promoting human rights in Danone's operations*) and Implementation note for Business Partners (see in section 5.4 *People & Communities*, section *Responsible sourcing and human rights from workers in the value chain*).

DANONE AS AN *ENTREPRISE À MISSION* AND ROLE OF THE MISSION COMMITTEE

In 2020, Danone became an *Entreprise à Mission*. In line with its sustainability priorities, and well in line with its newly unveiled Impact Journey, four mission objectives have been integrated in the group's 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 Group, both locally and globally;
- foster inclusive growth, by ensuring equal opportunities within the Group, supporting the most vulnerable partners in its ecosystem and developing everyday products accessible to as many people as possible.

As an *Entreprise à Mission*, Danone appointed a Mission Committee to monitor the Group's progress toward its mission objectives and has defined short and mid-term key performance indicators and targets. In addition, an independent third party has been appointed to verify the Group's progress towards statutory objectives from the start of the journey.

The objectives of Danone as an *Entreprise à Mission* are perfectly connected with the mid to long-term objectives defined in Danone Impact Journey, thus allowing a consistent monitoring of Danone's progress on its Impact Journey.

The Mission Committee is mainly composed of independent global experts. It establishes every year a report for the shareholders on its work, which is made public at the beginning of April in Danone's website (section investors/shareholders/shareholders' meeting). This report is orally presented to shareholders during the annual shareholders' meeting.

B CORP AMBITION

Since 2015, Danone has partnered with B Lab to help define a meaningful and manageable path to certification for multinationals and publicly traded companies, as well as accelerate growth of the B Corp movement into the mainstream. It is also an expression of its long-time commitment to sustainable business and to Danone's dual project of economic success and social progress.

In the course of 2022, Danone crossed the symbolic milestone of 70% of its global sales being covered by B Corp certification and at the end of the year it reached 74.2% of certification coverage, in line with its annual target (net sales covered by certification), a 12% increase vs. 2021. Danone's ambition is to be certified at global level in 2025.

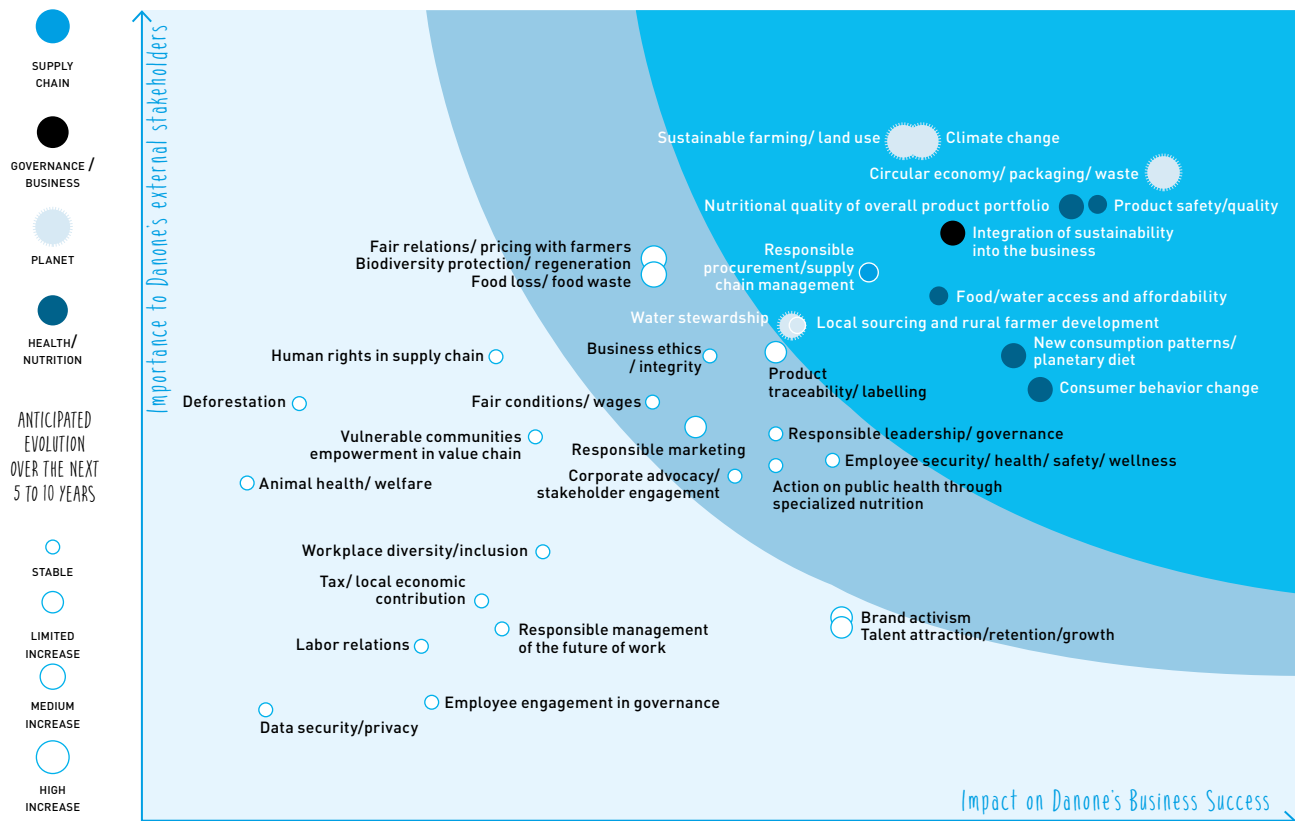
MATERIALITY ANALYSIS TO HIGHLIGHT MAIN EXTERNALITIES

To define its approach to sustainability, Danone relies on the complementary nature of its risk and materiality analysis processes. This enables the Group 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 Group renewed this materiality assessment.

This materiality analysis is the result of a global consultation with more than 380 internal and external stakeholders, including more than 230 external and local stakeholders (national authorities, NGO representatives, academics, experts, suppliers, investors, etc.). Stakeholders shared their perspective on issues that Danone needs to prioritize as a business, today, and over the next five to ten years.



RISKS IDENTIFIED IN CONNECTION WITH DANONE'S NON FINANCIAL INFORMATION STATEMENT

In 2018, Danone identified its sustainability risks, through a joint effort by the departments responsible for Sustainable Development and for Strategy and Risks. In 2022, the Group reviewed these risks and concluded that they were still relevant.

For the purpose of the Non Financial Information Statement, 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;
- **identify and consolidate Danone's top 13 sustainability risks;**
- **have the risks approved by three governance bodies:** the Sustainability Integration Committee (now replaced by the Global Sustainability Board), the Social Responsibility Committee (now called CSR Committee) and the Audit Committee (see section 6.1 *Governance bodies*).

The table below shows the 13 priority themes derived from Danone's risk analysis and the 12 material priorities, all linked to Danone Impact Journey.

	Sustainability risks	Material priorities	Reference within the chapter
PROGRESS AND LEAD HEALTH THROUGH FOOD FOR CONSUMERS & PATIENTS	Unique product portfolio to impact people's health	<ul style="list-style-type: none"> • Product safety/quality • Nutritional quality of overall product portfolio • Food/water access and affordability • New consumption patterns/planetary diet • Consumer behavior change 	5.5 Health
	Responsible communication	<ul style="list-style-type: none"> • Product safety/quality 	
	Marketing of breast milk substitutes	<ul style="list-style-type: none"> • Nutritional quality of overall product portfolio 	
PRESERVE AND REGENERATE NATURE	Regenerative agriculture	<ul style="list-style-type: none"> • Climate change • Sustainable dairy farming/land use • Local sourcing and rural/farmer development 	5.3 Regenerative agriculture
	Circular economy	<ul style="list-style-type: none"> • Circular economy/packaging/waste • Climate change 	5.2 Nature
	Preservation of water resource	<ul style="list-style-type: none"> • Climate change • Water stewardship • Food/water access and affordability 	5.2 Nature
THRIVING PEOPLE & COMMUNITIES	Inclusive talent development		
	Social dialogue	<ul style="list-style-type: none"> • Integration of sustainability into the business 	
	Employee security		
	Business practices and price setting	<ul style="list-style-type: none"> • Responsible procurement/supply chain management 	5.4 People & Communities
	Responsible sourcing	<ul style="list-style-type: none"> • Local sourcing and rural/farmer development 	5.6 Responsible business conduct
COMPLIANCE	Human rights	<ul style="list-style-type: none"> • Responsible procurement/supply chain management 	
	Responsible practices: ethics and integrity	<ul style="list-style-type: none"> • Integration of sustainability into the business 	5.6 Responsible business conduct

5.2 NATURE

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NATURE STRATEGY

Danone's ambition is to transform its value chain by developing solutions that preserve and regenerate nature. The following topics are developed under this section:

- Fight against climate change
- Preservation of the water resource
- Biodiversity
- Circular economy: packaging, waste and food waste
- Regenerative agriculture (see section 5.3 *Regenerative Agriculture*).

Governance

In 2022, Danone's environmental strategy is sponsored by the Chief Executive Officer and the Chief Sustainability and Strategic Business Development Officer, members of the Executive Committee. In coordination with the Chief Sustainability Officer and the Chief Cycles & Procurement Officer, they review its implementation, priorities and key issues within the Group governance dedicated to sustainability topics.

The review and implementation of this strategy are, as for the other sustainability topics, among the responsibilities of the governance bodies involved on all sustainability topics:

- Corporate Governance bodies (Board of Directors and CSR committee),
- Internal Governance bodies (Executive Committee, Global Sustainability Board, Global Sustainability Compliance Board, Risk Committee).

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

- the Sustainability Department, reporting to the Chief Sustainability and Strategic Business Development Officer, which designs and implements the Climate strategy, roadmaps and actions plans,
- the Sustainable Finance Department, reporting to the CFO, which manages the performance.

These teams work closely together and with:

- the Sustainability Teams in each Category as well as the teams of each Global Function involved (Cycles & Procurement, Operations, Research & Innovation, Marketing and Sales),
- the Categories and subsidiaries, which apply the operational, prevention and risk management action plans, and employ nearly a hundred correspondents.

Environmental risk and management systems

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	
	2021	2022
ISO 14001 certification^(a)		
Number of certified sites	83	84
Percentage of certified sites	46%	48%
Percentage of volumes covered	65%	68%

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

GREEN audit program

Danone deploys its Global Risk Evaluation for ENvironment (GREEN) program worldwide. The Group 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 Group 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 the water resource*).

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

Year ended December 31

	2021	2022
Sites having undergone a GREEN audit		
Number of sites	129	123
Percentage of sites	72%	71%
Percentage of production covered by a GREEN audit	81%	82%
Compliance with GREEN standards		
Number of compliant sites	108	105
Percentage of compliant sites	84%	85%
Percentage of compliant production	91%	93%

FIGHT AGAINST CLIMATE CHANGE

Governance

The CEO and the Chief Sustainability and Strategic Business Development Officer sponsor the Group climate strategy. The review and implementation of the climate strategy are, as for the other sustainability topics, among the responsibilities of the governance bodies involved on all sustainability topics:

- Corporate Governance bodies (Board of Directors and CSR committee);
- Internal Governance bodies (Executive Committee, Global Sustainability Board, Global Sustainability Compliance Board, Risk Committee).

The CFO is responsible for climate-related measuring, controlling and reporting, including assessment and management of climate risks and opportunities, as his main role is to ensure that Danone is creating economic value while meeting long-range sustainability goals, including the journey to curb GHG emissions in line with 1.5°C.

A new Chief Sustainability Officer position reporting to the Chief Sustainability and Strategic Business Development Officer was created in 2022. Her role consists in driving the sustainability agenda, including climate related agenda, in relation with Cycles & Procurement, Operations and Finance.

The Chief Procurement and Cycles Officer (CPO) reports to the Chief Operating Officer (COO). His role consists in both assessing and managing climate-related risks and opportunities in Danone's sourcing strategy. The CPO endorses this responsibility due to the high materiality of procurement categories, representing nearly 80% of Danone's total emissions.

The Board of Directors oversees climate-related issues, and is informed notably thanks to the CSR Committee, composed of 5 board members. In 2022, Danone climate policy was presented to the CSR Committee and the Board of Directors.

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 Danone to develop three climate change scenarios based notably on IPCC's Representative Concentration Pathways (including 1.5°C pathways), carbon prices and the 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 Group'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 the table below, 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 Group'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) 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 greenhouse gas emissions.

Action plans – reduction of 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 Group set interim targets, which were also approved by the Science Based Targets initiative (SBTi) and were in line with 2°C pathways. In December 2022, Danone's 1.5°C near term science-based targets were validated by the SBTi. Danone committed to:

- reduce absolute scope 1 and 2 energy and industrial GHG emissions 47.2% by FY2030 from a FY2020 base year (the target boundary includes land-related emissions and removals from bioenergy feedstocks);
- reduce absolute scope 3 energy and industrial GHG emissions from purchased goods and services, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, downstream transportation and distribution

and end of life treatment of sold products 42% by FY2030 from a FY2020 base year;

- reduce absolute scope 1 and 3 Forest Land and Agriculture (FLAG) GHG emissions 30.3% by FY2030 from a FY2020 base year (the target includes FLAG emissions and removals);
- no deforestation across its primary deforestation-linked commodities with a target date of FY2025.

In 2022, Danone updated its climate roadmap to match its 1.5°C ambition.

Scope 1&2 Energy and industrial

In 2022, Danone announced Re-Fuel Danone, a Global Energy Excellence Program to drive energy efficiency, resilience and its operations' decarbonization journey, that aims to improve energy efficiency by 30% by 2025 compared to 2022 baseline, thanks to harnessing digital innovation and leveraging on Danone's existing engineering expertise. This program also added a new commitment to 50% renewable energy in 2030 to the existing pledge of 100% renewable electricity in 2030, defined as part of the RE100 initiative, a global corporate group of businesses committed to 100% renewable electricity. The first interim milestone of 50% renewable electricity was achieved in 2020 (see section *Outcomes*).

Scope 1 and 3 FLAG

In 2022, Danone updated its Milk roadmap to align it with its 1.5°C FLAG target, and identified the first three priority countries for the acceleration of its regenerative agriculture program between 2023 and 2025, with actions focused on developing cover crops, manure and herd management, reduction of the feed footprint, for example through local sourcing of feed. Farmer's engagement and training will be a key success factor in the transition towards regenerative agriculture, and rely on the Farming for Generations program (see section 5.3 *Regenerative Agriculture*).

Danone has a long history of working with key dairy ingredient suppliers in order to promote continuous improvement in the sustainability of dairy ingredients including the reduction of greenhouse gas emissions. The reduction of their GHG emissions is based on 3 pillars:

- **Supplier engagement and collaboration:** in 2021 Danone launched with the SAI (Sustainable Agriculture Initiative) Platform an integrated sustainability engagement framework with dairy ingredients suppliers, the Sustainable Dairy Partnership (SDP);
- **Monitoring of performance:** in 2022, Danone contributed within the SAI Platform to launch the SDP carbon module aiming to harmonize carbon reporting for the dairy sector and enable better monitoring of the emissions of dairy ingredients suppliers, and of the results of their action plans;
- **New ways of partnership:** in 2021 Danone and its supplier Royal FrieslandCampina closed a first 3 years partnership to implement sustainable farming practices and to roll out concrete carbon reductions projects together with farmers in the Netherlands. It has supported around 600 farmers in their day-to-day transition to more sustainable dairy farming models. The partnership was extended for 3 more years, with the objective to reach around 25% greenhouse gas emissions reduction over the course of the multi-year collaboration.

Danone has been updating in 2022 its dairy ingredients roadmap to align it with its 1.5°C FLAG target.

Deforestation is a key pillar of Danone's Climate strategy, and a lever to reduce the emissions of non-dairy raw materials. In 2022, Danone

issued its renewed Forest Policy, with the ambition to continue and amplify efforts in protecting and restoring forests. The policy is further detailed under section *Biodiversity*.

Scope 3 Energy and industrial

In 2022, Danone updated its Packaging roadmap to align it with its 1.5°C target, and built new roadmaps on Logistics and Comanufacturing.

Action plans – Offsetting remaining 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 shareholder. The aim of the Livelihoods Carbon Fund is to sequester or avoid 20 million metric tons of CO₂ emissions over 20 years through a dozen projects in Asia, Africa and Latin America.

Carbon neutrality of production sites

Danone also builds its net zero commitment around the carbon neutrality of its production sites. The production plant Poços de Caldas in Brazil has been certified by the Carbon Trust in 2021 on the 3 environmental 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. In 2022, the production plants in Wuhan and Qionglai in China were certified carbon neutral by SGS.

Focus – Training and awareness programs

Danone raises awareness and trains its employees on environmental issues through training sessions and online training programs.

In 2020, Danone launched an e-learning course on the transition to carbon neutrality. This course, available on the Group'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 Group. In 2021, an additional e-learning module on net zero emission was made available to all its employees to support Danone's 2050 commitment.

In 2021, 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.

In 2022, Danone launched a new training course to support the launch of the Initiative Module, a new tool allowing to track climate action plans all over the Group.

The Sustainable Finance Department continues to train employees involved in the categories and subsidiaries on the methodology which should be used to monitor environmental performance and its recent developments.

Outcomes

Energy efficiency and renewable energies

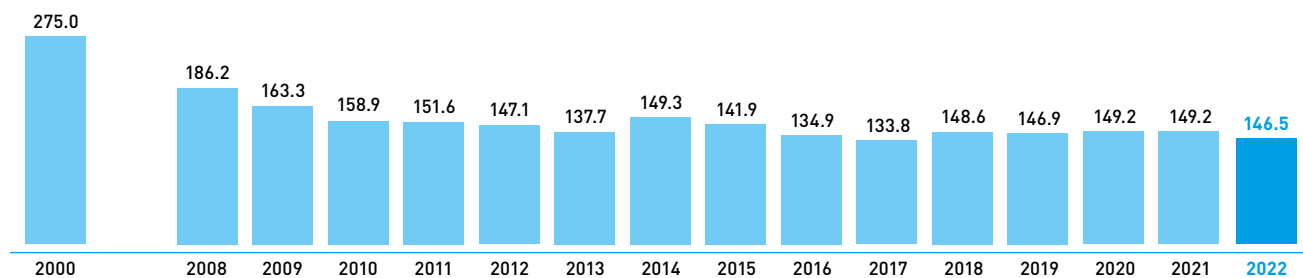
Year ended December 31

(in MWh)	2021	2022
Thermal energy ^(a)	3,203,185	3,160,015
Electricity ^(a)	1,995,902	1,972,672
Total	5,199,087	5,132,687
Energy consumption intensity (in kWh per metric ton of product)	149.2	146.5
Total reduction in energy intensity since 2000 (in kWh per metric ton of product)	46%	47%

(a) Production Site Environment scope, see section 5.10 *Methodology Note*.

Energy consumption intensity decreased by 1.8% in 2022 compared to 2021.

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



By the end of 2022, total energy consumption intensity at production sites declined by 47% compared to 2000 (+1 point compared to 2021).

Renewable energy use

Year ended December 31

	2021	2022
Production sites purchasing 100% renewable electricity ^(a)	87	109
Percentage of renewable electricity ^(a)	68.5%	70.5%
Percentage of renewable energy ^(a)	29.8%	31.4%

(a) Production Site Environment scope, see section 5.10 *Methodology Note*.

Thanks to the switch to renewable electricity sources in Indonesia, Mexico, and in the Steenvoorde Supply Point in France, 109 production sites purchased electricity from 100% renewable sources (wind, hydro, etc.) in 2022, compared to 87 in 2021, contributing to a total of 70.5% of Danone's electricity purchases in 2022 (compared to 68.5% in 2021). Furthermore, its total energy use from renewable sources (electricity and thermal) represented 31.4% of its total energy use in 2022 (compared to 29.8% in 2021).

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 section 5.10 *Methodology Note*).

Greenhouse gas emissions on scopes 1 and 2

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

Danone set its scope 1 and 2 energy and industrial emissions target 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 section 5.10 *Methodology Note*).

Its total emissions in metric tons of CO₂ equivalent for scopes 1 and 2 energy and industrial decreased by 3.7% between 2021 and 2022, mainly due to the switch to renewable electricity sources in Indonesia, Mexico, and in the Steenvoorde Supply Point in France. Since 2020, these emissions decreased by 18.0%.

Year ended December 31

<i>Scope 1 and 2 energy and industrial emissions, market-based (in ktCO₂)^[a]</i>	2021	2022	2030 science-based target
Scope 1	684	666	
Scope 2	295	276	
Total Scopes 1 & 2 energy and industrial emissions	979	942	
Absolute energy and industrial emissions reduction, scopes 1 and 2, market-based since 2020	14.8%	18.0%	47.2%

[a] Greenhouse Gas scope & SBT scope, see section 5.10 *Methodology Note*.

Emissions linked to the production of fresh milk in farms owned by Danone have remained stable in 2022 and not material compared to scope 3 emissions of fresh milk purchases.

<i>(in ktCO₂eq)^[a]</i>	2021	2022
Scope 1 FLAG	164	165

[a] Greenhouse Gas scope & SBT scope, see section 5.10 *Methodology Note*.

Greenhouse gas emissions on scope 3

Danone measures indirect emissions from the following scope 3 categories (Greenhouse Gas Environment scope, see section 5.10 *Methodology Note*).

Year ended December 31

<i>(in ktCO₂eq)</i>	2021	2022
Purchased goods and services	19,206	18,708
Upstream transportation and distribution of goods	300	336
Downstream transportation and distribution of goods	2,079	2,132
Use of sold products	830	733
End-of-life treatment of sold products	769	840
Fuel and energy related activities	262	252
Waste generated by operations	125	99
Total Scope 3	23,571	23,100

Greenhouse gas emissions on scopes 1, 2 and 3

Year ended December 31

<i>Greenhouse gas emissions inventory (in ktCO₂eq)^[a]</i>	2021	2022
Scope 1 including FLAG	848	831
Scope 2 ^[b]	295	276
Scope 3	23,571	23,100
Total Scopes 1, 2 and 3	24,714	24,207

[a] Greenhouse Gas scope, see section 5.10 *Methodology Note*.

[b] Market-based.

Danone's total emissions from its value chain in 2022 for scopes 1, 2 and 3 decreased by 0.5 million tons CO₂ equivalent compared to 2021, mainly due to the results of the regenerative agriculture action plans.

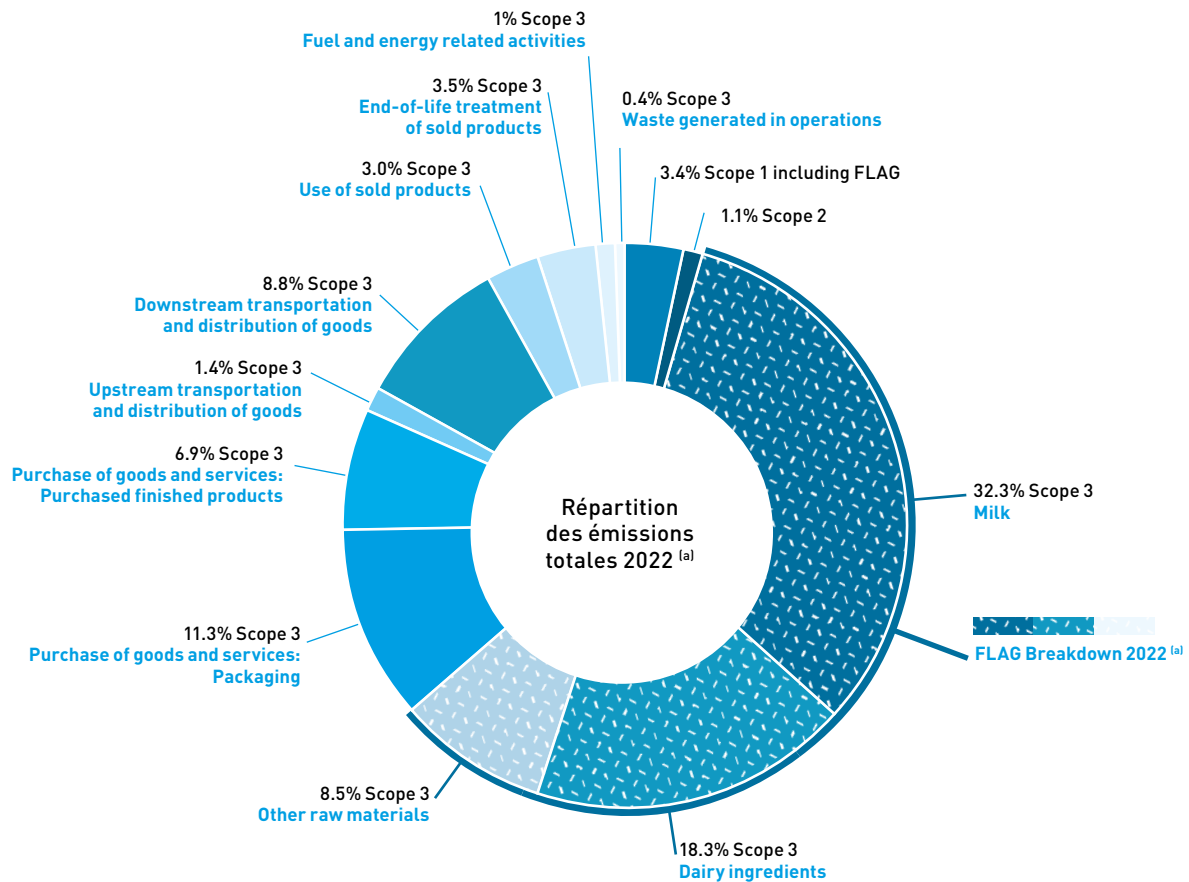
In 2022, Danone continued to measure the effects of its ambitious plan to shift to regenerative agriculture, particularly in the following countries (see section 5.3 *Regenerative Agriculture*):

- in Russia, due to soy certification and traceability and moving to local alternatives;
- in the United States, due to improvements on feed, manure management and enteric fermentation;
- in Brazil, due to action plans to improve herd diets, genetics and management (e.g. Educampo program), and improved pasture management;

- in South Africa, due to the implementation of soil health program since 2018 with improvements on soil, yields & sequestration, as well as manure management improvements.

With 95.4% of Danone's total emissions across its value chain, scope 3 represents the largest contributor, more than those from scope 1 (3.4%) and scope 2 (1.1%).

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



(a) Greenhouse Gas scope, see section 5.10 Methodology Note.

Danone's FLAG emissions have decreased by 3.3% between 2021 and 2022, due to the milk action plans described above, making its total emission reduction on its FLAG science-based target -8.3% compared to its 2020 baseline. Danone scope 3 energy and industrial

emissions ("non FLAG" scope 3) have increased by 1.8% between 2021 and 2022, making its scope 3 energy and industrial emissions increase 0.7% vs its 2020 baseline.

(in ktCO ₂ e) ^(a)	2021	2022	2030 science-based target
Scope 1 FLAG	164	165	
Scope 3 FLAG	14,809	14,314	
Total FLAG	14,973	14,479	
Absolute Total FLAG emissions reduction since 2020	-5.2%	-8.3%	-30.3%
Scope 3 energy and industrial	7,219	7,347	
Absolute Scope 3 energy and industrial emissions reduction since 2020	-1.1%	0.7%	-42.0%

(a) SBT scope, see section 5.10 Methodology Note.

External recognition

In 2022, 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 fourth consecutive year, being one of only thirteen companies in the world awarded with the "triple A" rating for its 2021 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 1,750 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. In 2022, Danone increased the percentage of its long-term incentive grant linked to its performance in the CDP Climate

Change, CDP Forests and CDP Water (see section 6.4 *Details of long-term incentive plans*).

CDP has also recognized the Group 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.

In October 2022, The Carbon Trust certified Danprint 2.0, Danone's product carbon footprint tool that allows the comparison of the impact of various design scenarios, against three external standards:

- Greenhouse Gas Protocol – Product Life Cycle Accounting and Reporting Standard (2011);
- ISO 14067:2018 – Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification;
- PAS 2050: 2011 – Specification for the assessment of the life cycle greenhouse gas emissions of goods and services.

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.

	Sections
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, 5.2, 5.3, 6.1
Strategy	
a. Climate-related risks and opportunities identified over the short, medium and long term	2.6
b. Impact of climate-related risks and opportunities on the Company's businesses, strategy and financial planning	5.1, 5.2, 5.3
c. Resilience of the Company's strategy, taking into consideration different climate scenarios, including a 2°C or lower scenario	5.2, 5.3
Risk management	
a. Processes for identifying and assessing climate-related risks	5.1, 5.2, 5.3
b. Processes for managing climate-related risks	5.1, 5.2, 5.3
c. Integration of processes for identifying, assessing and managing climate-related risks in the Company's overall risk management	2.6, 2.7
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, 5.2, 5.3
b. Greenhouse gas emissions for scope 1, scope 2 and scope 3 and the related risks	5.2, 5.9, 5.10
c. Targets used to manage climate-related risks and/or opportunities and the Company's performance against these targets	5.2, 5.3, 6.4

PRESERVATION OF THE WATER RESOURCE

Definition

Water stewardship is a strategic focus for Danone's operations and supply chain and the Group recognizes the strategic importance of the topic for the planet and its communities. Thus, the Group has a three-step approach to identify risks, actions and impacts in order to act, preserve and restore natural ecosystems, wetlands and the natural water cycle, where it matters the most. These three steps are the following ones:

- understanding exposure to water-related risks through a water risk assessment done for Danone's production sites and sourced ingredients using the Water Risk Filter and the World Resources Institute Aqueduct for Food tools;
- developing mitigation and adaptation plans leveraging different set of interventions: regenerative agriculture for its supply chain, water efficiency within its production sites and Nature-Based solutions in the ecosystem around its production sites;
- developing a cost and benefit analysis to prioritize interventions based on the economical, societal and environmental values they can generate.

Policies

In the frame of its 2020 Water Policy, Danone 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 that can lead to positive impact: *i.e.* water, carbon and biodiversity ones. 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.

Risk identification

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 the 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 the 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 projects (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.

Danone prioritizes the development of water stewardship plans suited to sites located in water-stressed areas. In 2020, Danone found that 17% of its production sites were located in high or extreme water risk areas. This assessment still remains relevant for 2022.

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 and helps to prioritize actions.

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 (the Convention on Wetlands), to help build local water stewardship capacities in and beyond Danone's value chain.

Preserving and restoring water resources in agriculture and watersheds

PRIORITIES UNDER 2020 WATER POLICY	ACTION PLANS AND OUTCOMES
<p>Relating to agriculture</p> <p>From 2020 onwards:</p> <ul style="list-style-type: none"> • <i>develop, for the direct milk supply chain, plans to support farmers in five high-priority areas;</i> • <i>ask all its suppliers to set up water stewardship plans.</i> <p>By 2025:</p> <ul style="list-style-type: none"> • <i>implement pilot projects using an integrated landscape approach on a regional scale for five other key ingredients: milk, soy, almonds, strawberries and sugar cane.</i> <p>By 2030:</p> <ul style="list-style-type: none"> • <i>For ingredients produced in highly water-stressed areas:</i> • <i>reduce the water use of farmers with which Danone works in high-risk areas by 25%;</i> • <i>increase the size of buffer zones by at least 15%;</i> • <i>optimize fertilizer use on farms for 75% of milk, fruit, almond and soy volumes</i> 	<p>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.</p> <p>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. These remain relevant for 2022.</p> <p>For example, together with the WWF, Danone South Africa developed a project in the Southern Drakensberg region, suffering from water scarcity. The Group 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.</p> <p>Danone is also working on other key ingredients such as strawberries, beetroot, sugar cane, almonds (see Danone's website for more information). For example, Danone is developing projects on almonds grown in California and Spain. In this regard, a study to baseline ecosystem performance of Danone's main supplier in the USA has been launched. This study aims to study 5,265 acres from 56 fields at 4 orchards. The study has looked at water quantity, water quality and also soil health and biodiversity allowing to set targets for their regenerative agriculture practices adoption and road map targeting better water management in the orchards studied.</p>
<p>Relating to watersheds</p> <p>By 2030:</p> <ul style="list-style-type: none"> • <i>build plans for protecting and/or restoring 100% of the watersheds in which Danone operates, located in highly water-stressed areas (55 watersheds);</i> • <i>work locally to create an effective governance system with the stakeholders or integrate actions into the existing governance bodies;</i> • <i>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</i> 	<p>In 2022, 52 of the watersheds in which Danone has production sites are at-risk for which preservation and restoration plans should be started and implemented.</p> <p>To improve water resource stewardship and encourage biodiversity, soil health and carbon sequestration, Danone develops solutions such as agroforestry, wetland protection or agriculture optimization.</p> <p>Danone created and is currently leading the worldwide Nature Based Solutions (NBS) 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. 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.</p> <p>Between 2020 and 2022 Danone deployed 12 watershed protection plans.</p> <p>In 2022, <i>Evian</i> celebrated the many initiatives it has developed over the past 30 years with local communities to ensure the preservation of water resources, in particular through the Association pour la Protection de l'Impluvium de l'Eau Minérale Evian (APIEME) co-founded in 1992.</p>

Rethinking circularity in and around Danone's production sites

PRIORITIES UNDER 2020 WATER POLICY	ACTION PLANS AND OUTCOMES
<p>By 2030:</p> <ul style="list-style-type: none"> • <i>implement a collaborative 4R Strategy (3R – Reduce, Reuse, Recycle/Reclaim) on all production sites;</i> • <i>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;</i> • <i>reduce the water consumption intensity of all physical high risk production sites by 50% or reach Best in Class category</i> 	<p>Ensuring that water discharges are of high quality and increasing water circularity</p> <p>In 2021, the Group has reviewed its internal standards, the Clean Water Standards (CWS) to align with the wastewater treatment plants capacities and with various country regulations. In 2022, 76% of its facilities comply with the CWS. The production sites implement improvement plans to achieve these standards.</p> <p>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 Category, 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.</p> <p>In 2020, the Group 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 2022, 86% of its facilities had a 4R action plans, compared to 55% in 2021.</p> <p>For example, in 2021, Danone initiated new industrial "ReUT" facilities at two Mizone (Waters Category, 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.</p> <p>In parallel, at a bottled water production site in France from the Volvic brand, the Group 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.</p> <p>In 2022, Danone's largest reclaim unit in Wevelgem, Belgium has produced 700 million liters of reclaimed water from treated wastewater, enabling a plant water intake reduction of 50% and a water discharge volume reduction of 70% compared to 2020 without reclaim. The favorable and progressive environmental Belgian legislation, the optimal system design and a way to operate with a skilled partner, made this project a success that Danone plans to replicate from 2023 in other locations such as North America, Mexico and Europe.</p>

Providing access to safe drinking water for vulnerable people and communities

PRIORITIES UNDER 2020 WATER POLICY	ACTION PLANS AND OUTCOMES
<p>By 2030:</p> <ul style="list-style-type: none"> • <i>sign the WBCSD WASH Pledge for access to safe water, sanitation and hygiene at the workplace;</i> • <i>create the Water Access Acceleration Fund (W2AF) to support social businesses providing water access;</i> • <i>provide daily access to safe drinking water for 50 million people</i> 	<p>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. Danone signed the Pledge in 2022 and aim to a full compliance to the standard by 2025.</p> <p>Globally, across its operations, nearly 89% of Danone's production sites were compliant with the WASH Pledge self-assessment in 2022 (89% in 2021).</p> <p>Danone's Water brands also play a key role in providing access to safe drinking water such as for example, AQUA in Indonesia who 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 2022, thanks to this program, AQUA has provided water access to about 71,000 beneficiaries (56,037 in 2021).</p>

Outcomes

Water use in operations

Year ended december 31

<i>(in thousands of m³)</i>	2021	2022
Water drawn from the surrounding area ^(a)		
River water	2,822	2,810
Municipal water	22,475	20,985
Well water	42,452	43,088
Total water drawn volume	67,749	66,883

(a) Production Site Environment scope, see section 5.10 *Methodology Note*.

In 2022, the total volume of water withdrawn decreased by 1.3% compared to 2021. The uses associated with this total volume of water withdrawn in 2022 are as follows:

- 44% went into finished products, mainly at bottling plants, or was used for by-products;
- 56% was used in industrial processes, with details given in the table below.

Year ended December 31

<i>(in thousands of m³)</i>	2021	2022
Water related to the production process ^(a)		
Consumption (in thousands of m³)	38,559	37,376
Intensity of consumption (in m³ per metric ton of product)	1.11	1.07
Reduction in water consumption intensity since 2000	50%	52%

(a) Production Site Environment scope, see section 5.10 *Methodology Note*.

At the end of 2022, the reduction in water consumption intensity since 2000 has increased by 2 points compared to 2021.

Discharged wastewater quality and Chemical Oxygen Demand (COD)

In all 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 are 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 section 5.10 *Methodology Note*).

Year ended December 31

	2021	2022
Final discharge of chemical oxygen demand (COD) ^(a) <i>(in thousands of metric tons)</i>	5.06	4.27
Net COD ratio ^(a) <i>(in kg/ton of product)</i>	0.15	0.12

(a) Production Site Environment scope, see section 5.10 *Methodology Note*.

In 2022, the construction of new on site wastewater treatment plants in Ghana and Mexico enabled a reduction of the Net COD ratio per ton of product by 18% compared to 2021.

BIODIVERSITY

Definition

Biodiversity impacts, risks and opportunities are covered through four focus areas at Danone: water (see section *Preservation of the water resource*), forests and deforestation (see section *Fight against Climate Change*), sustainable sourcing (ingredients), and soil (see section 5.3 *Regenerative Agriculture*).

Policy: eliminating deforestation from the supply chain

Policies related to water stewardship around watersheds and regenerative agriculture are developed respectively under section *Preservation of the water resource* and under section 5.3 *Regenerative Agriculture*.

To cover the main impacts, risks and opportunities related to biodiversity in the upstream supply chain, Danone has developed a set of policies aiming to eliminate deforestation from its supply chain. At the end of 2022, Danone continued to progress towards its goal, 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. By 2020, Danone achieved close to 100% certified sustainable sources across several of its highest risk commodities. However, in the decade after the launch of Danone's original Forest Policy, deforestation has continued to accelerate and climate change impacts are being felt around the world. It is Danone's plan to go further and faster by delivering verified deforestation and conversion free supply chains across five priority commodities by 2025 and moving to a regenerative future. The policy was reviewed, updated, presented to the Board of Directors and published as 'Renewed Forest Policy 2022' in December. Going forward, this new policy will supersede Forest Footprint Policy and its related forest-risk commodity specific policies.

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 2022, Danone used approximately 69,140 metric tons of palm oil (compared with 67,498 metric tons in 2021). The increase was the result of increased sales in Africa and Specialized Nutrition Category.

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.

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 toward 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.

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.

Action plans and outcomes

The actions taken are about bringing more transparency on Danone upstream supply chain, driving the change through positive projects, mitigating risks and addressing alerts whether addressing environmental or human rights issues. They all contribute to Danone's raw material sustainable sourcing due diligence.

Upstream supply chain transparency and risk mitigation through certification

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

palm oil:

- Danone works with Earthworm Foundation to ensure traceability of palm oil. In 2022, 88% of the palm oil sourced by Danone was certified Roundtable on Sustainable Palm Oil (RSPO) segregated, 9% was certified RSPO Mass Balance and the remaining 4% was conventional palm oil sourced in Africa (the 5% decrease of RSPO segregated volumes compared to 2021 was largely caused by global supply chain disruption). According to its most recent mill mapping over the first semester 2022, Danone maintained 98% traceability to plantation. These initiatives were recognized by the CDP and enabled Danone to obtain for the fourth 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 addition, the Group continues to publish updated list of its palm oil direct suppliers and mills as well as the grievance process on its website;

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 2022, Danone has analyzed soy sourcing for 95% of its milk volume (increasing its milk sourcing coverage from 86% in 2021 with integration of Morocco as an additional country in Cool Farm Tool's scope), of which 56% is from low-risk origin, 7% is certified, and out of the remaining 37%, 29% potentially at risk are compensated through Round Table on Responsible

Soy (RTRS) credits. The Group's key strategy focus to tackle deforestation risks for soy feed are:

- increase traceability systemically;
- promote sustainable soy through engagement with farmers and dairy processors;
- encourage feed autonomy through local and / or alternative protein.

paper and board

- in 2022 Danone worked thoroughly to strengthen and finalize its Forest Policy, including Paper, consulting internal stakeholders frequently to ensure smooth implementation and prioritization of traceability and verified Deforestation and Conversion Free (DCF). Because of these efforts, Danone expects to have maintained 99% of paper and board packaging made of recycled fibers or virgin certified (FSC, PEFC, SFI) fibers. At the moment this report was published, the 2022 data collection was still ongoing. The exact numbers will be confirmed in the first semester within our annual Forest Update.

Transparency and traceability being key enablers for sustainable sourcing, Danone is also mapping the chain and using certification for the following priority ingredients in relation to human rights risks:

fruit:

- in 2022, 100% of Danone's fruit supplies were traceable up to the Group's Tier 2 suppliers;

cocoa:

- Based on volumes purchased in 2022, approximately 79% is certified within one or more programs (Rainforest Alliance, Organic, Fair Trade, Fair For Life). This decrease versus 2021 (86%) is the result of initiating a better traceability process in 2022. At the moment this report was published, the 2022 data collection was still ongoing. The exact numbers will be confirmed in Q2 within our annual Forest Update;

sugar cane:

- In 2022, Danone reached 94% traceability to mill (88% in 2021). Danone purchased 51% certified cane, up from 33% in 2021.

Driving the change for responsible sourcing

Impact Projects

The Group 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. For instance, an impact study performed in 2022 shows that the project has achieved to preserve 770 hectares of local biodiversity in Pointe à Larrée protected area. Overall, according to 88% of producers, the human activities that are threatening biodiversity have decreased significantly;
- 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;

- the Regenerative Coconuts Agriculture Project (ReCAP) in Thailand, started in 2020. Danone Ecosystem Fund, Harmless Harvest, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and Danone teamed up with farmers to restore biodiversity and sequester carbon. The surge in demand of the "Nam Hom", an aromatic variety of coconut from Thailand, has led to monocropping and agriculture practices that can be damaging for local ecosystem and unsustainable for the climate, causing many environmental problems ranging from soil erosion to loss of biodiversity. The objective is to have 350 farmers trained to implement regenerative agriculture practices.

Collaborative initiatives

Danone participates in the One Planet Business for Biodiversity (OP2B) coalition, Forest Positive Coalition in Consumer Goods Forum and also to several dedicated palm oil platforms such as Palm Oil Innovation Group (POIG) and RSPO, as well as more generic platforms such as the Sustainable Agriculture Initiative (SAI).

Managing grievances and alerts related to raw material

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 Group 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 Group 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 Group's supply chain after demonstrating progress and, ultimately, with Danone's consent.

In 2022, Danone registered 14 new alerts linked to deforestation and human rights violations, 12 of which were related to palm oil and 2 to other commodities.

In total, the Group is monitoring 28 alerts that have been brought to its attention by organizations such as Earthworm Foundation, Chain Reaction Research, Global Witness and Friends of Earth.

According to Danone's grievance mechanism, the alerts are being investigated and monitored in dialogue with the parties involved and the supporting NGOs and experts. For 4 of the cases Danone has a suspension in place.

CIRCULAR ECONOMY

Circularity of packaging

Definition

Packaging is essential to Danone's mission as it allows food and beverages protection, an increased shelf-life and a reduction of food waste. The Group 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.

Process to identify material impacts, risks and opportunities

Circular Packaging topic is managed in a cross-functional way including key functions such as Research & Innovation, Procurement, Operations, General Secretary with the coordination by Circular Economy dedicated team.

Regulatory monitoring is undertaken by General Secretary function at national and regional levels. A global policy assessment is undertaken on a yearly basis to inform on policy trends and anticipate upcoming developments.

Danone packaging footprint is assessed on a yearly basis with volumes put on the market and environmental Key Performance Indicators (KPIs) calculated for each country and for each type of packaging. These environmental KPIs include packaging recyclability rates, actual recycling rates, recycled content usage and greenhouse gas emissions.

Identification of risks

Thanks to this approach and processes, Danone is able to identify:

- license to operate risks in relation to regulatory measures and retailers packaging guidelines/ restrictions;
- consumer level of pressure and expectations in terms of packaging sustainability;
- environmental impact of its packaging, in particular, in countries of operations where waste management infrastructure is lacking

or where there is a high risk of leakage into the environment or the oceans.

Packaging Policy

In 2018, Danone signed up to the Ellen MacArthur Foundation (EMF) Global Commitment on Plastics and published its Packaging Policy, setting out the roadmap to shift from a linear to a circular economy of packaging.

Danone's packaging policy has been defined based on the vision & principles of EMF and follows three guiding principles/policies:

Packaging designed for circularity:

- design 100% of its packaging to be reusable, recyclable or compostable;
- act to eliminate problematic or unnecessary plastic packaging;
- launch alternatives to plastic and single-use packaging across all major markets of the Water brands.

Packaging reused, recycled and composted in practice: co-building effective and inclusive systems for collection and recycling and engaging consumers.

Preservation of natural resources: shifting away from fossil resources, by integrating recycled content, and using renewable materials.

Partnership and collective initiatives

Danone is strongly connected to NGOs and part of key initiatives acting on the transition to circular economy for packaging. Through these initiatives, Danone is looking to participate in global action and work on systemic solutions to packaging waste issue. Among the most significant, Danone is involved in the following partnerships:

- the Ellen MacArthur Foundation: Danone is a member of EMF New Plastics Economy initiative Advisory Board and is participating to EMF yearly progress report on Global Commitment targets. The Group hence supports the Foundation in driving progress, providing transparency, and informing legislation;
- the Consumer Goods Forum Plastic Waste Coalition of Action (CGF PWCoA), which aims to set standards and align industry to improve plastic collection and recycling.

Actions plans and outcomes

Danone aims to using 100% reusable, recyclable or compostable packaging, with set of actions and progress including the following:

- **accelerating reuse models:**
 - in several 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 2022, more than 50% of the worldwide sales volumes by the Water brands were sold in reusable packaging;
 - Danone tested returnable glass bottles in Germany under *Volvic* brand and launched an offer for the HORECA sector in Spain under *Lanjaron* brand.
 - for its Dairy business, Danone is successfully expanding its dairy dispenser offer for HORECA in Spain
- **eliminating problematic or unnecessary packaging and diversifying the use of materials:**
 - the Group continued working on PVC elimination (decrease of 91% since 2018), with plans to complete phase out, achieving a PVC free portfolio;
 - end 2021, Danone launched *Danacol* bottle with no sleeve in Spain, removing around 94 million sleeves per year (equivalent of 130 tons of plastic).

The Group also continued its diversification with the launch of new PET yogurt pots in France.

As of 2022, 84% of Danone packaging is reusable, recyclable or compostable (stable vs. 2021). Specifically for plastic packaging, it represented 74% (stable vs. 2021). During the year, the Group used 762,519 tons of plastic (compared with 750,994 tons in 2021), due to an increase of sales volumes for the Waters category.

Danone is engaged into co-developing efficient and inclusive collection and recycling systems, through a collaborative approach with its ecosystem.

Danone is supporting Extended Producer Responsibility (EPR) principle including Deposit Return Schemes for beverage bottles.

The Group has endorsed EMF position paper on EPR as a necessary part of the solution to packaging waste and pollution. It is also collaborating within CGF Plastic Waste Coalition of Action to align position on key principles for EPR and advocate for global implementation.

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.

The Group supports countries where infrastructures and recycling systems are not fully developed.

Danone committed 15 million dollars in the Circulate Capital Ocean Fund (CCOF) for the development of recycling infrastructure in South and South East Asia. CCOF has committed to date more than 60 million dollars. In 2022, its portfolio companies had an impact on an additional ~100 kilotons of plastic leakage prevented and created more than 1,300 safe and stable additional jobs in the collection and recycling sector.

Moreover, the brand *AQUA* has also partnered with CCOF to fund and scale up Reciki, one of Indonesia's leading waste management companies.

Lastly, Danone Ecosystem Fund continues to support actively 5 inclusive recycling projects in 5 countries.

Danone is committed to preserving natural resources and aiming at reducing usage of fossil materials.

Danone works to reintegrate recycled materials in its packaging and increase the use of renewable materials.

In 2022, Danone achieved the following results:

- 11.9% recycled materials on average in its plastic packaging (compared with 10.4% in 2021);
- 21.0% recycled PET (rPET) used on average by the Waters category (compared with 20.6% in 2021) and 26.4% in countries where local standards and regulations allow it (compared with 27.4% in 2020).

The Group continued the launch of 100% rPET bottles. Since end 2021, all Danone's main water brands have at least one format in 100% recycled materials (where authorized).

Danone is also actively supporting new recycling technologies to reach its sustainable packaging ambition. In 2022, the Group has secured partnership with Loop Industries to enhance closed-loop recycling for PET bottles and enable the recycling of hard-to-recycle packaging and materials.

Danone pioneered circular economy concept for packaging by co-creating Eco-Emballages (now Citeo) in France in 1992, and with *Evian* being the first brand to use rPET for natural mineral water in France in 2008.

The Group fully embraced the ambition of a circular economy of packaging when it joined Ellen MacArthur Foundations New Plastics Economy initiative in 2017 and signed the 2018 Global Commitment on Plastics, spearheaded by Ellen MacArthur Foundation.

Since then, Danone has been working to advance on its targets as well as to advocate for a collective global transition.

Since 2018, Danone has demonstrated tangible progress in key areas such as in virgin plastic reduction, reuse, recyclability rate and recycled content. Still, the Group has experienced systemic barriers—from underdeveloped reuse, collection and recycling infrastructure to scarcity of recycled content.

These systemic barriers need to be overcome together with other industry players across the value chain and policy makers, notably through regulation. This is why Danone has advocated since 2020 with World Wide Fund For Nature (WWF) and EMF for an ambitious and binding UN Treaty on Plastics as this is an important opportunity in unlocking and accelerating the Group own progress on plastics circularity.

Building on the learnings gathered and challenges faced over the last years, and acknowledging the need to reduce greenhouse gas emissions related to packaging, Danone will continue to drive the transition of its activities to a circular and low-carbon packaging system. The Group is hence setting new targets:

- design our packaging for circularity with 100% reusable, recyclable or compostable packaging by 2030;
- half the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030, accelerating reuse and recycled materials;
- lead the development of effective collection systems to recover as much plastic as we use by 2040.

WASTE MANAGEMENT

Danone monitors waste production and recovery through implementing practices such as recycling, reuse, composting and waste-to-energy. The Group'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 sub-contractors that can recover the various types of waste generated.

	2021	2022
Industrial waste^(a)		
Total quantity of industrial waste (<i>in ktons</i>)	364 ^(b)	344 ^(b)
Ratio of total quantity of industrial waste per metric ton of product (<i>in kg/tons</i>)	10.4 ^(b)	9.8 ^(b)
Proportion of industrial waste recovered	91.9% ^(b)	93.5% ^(b)
Packaging industrial waste^(a)		
Total quantity of packaging industrial waste (<i>in ktons</i>)	115	114
Ratio of total quantity of packaging industrial waste per metric ton of product (<i>in kg/tons</i>)	3.3	3.3
Proportion of packaging industrial waste recovered	97.3%	98.4%
Proportion of plastic packaging waste recovered	96.5%	98.2%

(a) Production Sites Environment scope, see Note 5.10 *Methodology Note*.

(b) Excluding sites from the Water category for Food Waste.

The amount of industrial waste generated per metric ton of product declined by 5.7% between 2021 and 2022, due mainly to a decrease of food waste generated in production sites. In 2022, the recovery rate for industrial waste increased by 1.6 point compared to 2021 (Production Site Environment scope, see Note 5.10 *Methodology Note*).

The recovery rate for plastic packaging waste at the production sites totaled 98.2% in 2022 (compared with 96.5% in 2021). In 2022, 1.7% of post-industrial packaging waste was sent to landfill (2.7% in 2021). The target is to achieve 0% by 2025.

Reducing food waste

Definition

Danone is committed to reduce Food Waste in its end to end supply chain. For that purpose, the Group launched an extensive global program named the Battle against waste. The program is designed to deliver sustainability and productivity targets. The dual project engages end to end supply chain stakeholders, partners externally with suppliers and customers and leverages internal expertise in order to halve Danone's food waste.

Policies

Danone closely monitors and reports food waste generated in its end-to-end supply chain and continuously optimizes processes, by driving internal awareness and building losses reduction capabilities, investing in new manufacturing technologies, re-purposing and up-cycling, where possible, and redistributing food surplus. The program is tracked via a robust reporting system and is driven by individually allocated targets for each production site and selling unit. Performance is reviewed on a quarterly basis.

Targets

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.

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% to 3 destinations (Landfill, Sewer, Refuse/Discards) between 2016 and 2025.

The Group strengthened this ambition in line with the United Nations' Sustainable Development Goal (SDG) 12.3 by joining the 10x20x30 Initiative and by going beyond non-recovered waste. To achieve this, Danone has committed to halve its food waste ratio to 8 destinations (Landfill, Sewer, Refuse/Discards, Controlled Combustion, Not Harvested, Land Application & Co/Anabolic Digestion) 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 Group 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 Group 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 Group 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 2022, Danone worked with local partners such as Too Good To Go to raise awareness around food waste and inform consumers on date labeling. The Group continued to influence the 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. 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.

Year ended December 31

	Production sites ^{(a)(b)}		Production sites and supply chain ^{(b)(c)}	
	2021	2022	2021	2022
Food waste management				
Total quantity of food waste generated <i>(in ktons)</i>	249	230	321	295
Ratio of total quantity of food waste per metric ton of product sold <i>(in kg/tons)</i>	29.2	28.0	35.7	35.2
Ratio of total quantity of food waste recovered per metric ton of product sold <i>(in kg/tons)</i>	26.1	25.5	29.0	29.3
Proportion of waste recovered	89.4%	91.2%	81.1%	83.0%
Ratio of total quantity of food waste non-recovered per metric ton of product sold <i>(in kg/tons)</i>	—	—	6.8	6
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)	—	—	-27.2%	-34.1%
Ratio of total quantity of food waste per metric ton of product sold, excluding waste intended for animal feed and the processing of biomaterials <i>(in kg/tons)</i> - SDG 12.3	—	—	23.0	21.2
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%	-13.5%

(a) Production Site Environment scope, see Note 5.10 *Methodology Note*.

(b) Excludes sites from the Waters category.

(c) Production Site Environment scope see Note 5.10 *Methodology Note*.

(d) Based on constant consolidation scope and methodology.

The ratio of total quantity of food waste non-recovered per metric ton of product sold since 2016 decreased in 2022 by an additional 6.9% in 2022 compared to 2021, mainly due to results of action plans on supply chain food waste in Morocco, and on industrial food waste in the United States and in Russia.

5.3 REGENERATIVE AGRICULTURE

Definition

Agriculture is the biggest source of Danone's greenhouse gas emissions (representing 59% of total emissions in 2022) and 89% of its water use. As a food company, one of the most important ways to deliver positive environmental and societal impact is through the chosen farming model. Danone is firmly committed to regenerative agriculture and promoting practices that protect soil, water, biodiversity and animal welfare, whilst also supporting farmers in a just transition toward more resilient agricultural models that protect farmer livelihoods and decent working conditions for workers.

Policies

Since 2017, Danone has been designing and deploying a Regenerative Agriculture Program. In 2021, Danone published its Regenerative Agriculture Framework that complemented and strengthened the 2015 White Paper. This framework details the concept of regenerative agriculture, defines a set of practices and a strategy to drive the transformation on the ground. Danone's regenerative agriculture approach is based on the following three pillars:

- protecting soils, water and biodiversity (also reinforced by Danone's Water and Deforestation Policies);
- empowering generations of farmers;
- bolstering animal health and welfare.

It is a key lever of Danone's 1.5°C roadmap to reduce greenhouse gas footprint, through increased carbon sequestration in soils and reduced emissions (e.g. by increasing feed autonomy on farm and improving manure management and fertilization practices).

Danone's 2025 *Entreprise à Mission* target of sourcing 30% of its volumes of key ingredients such as fresh milk, soy, oats and almonds from farms that have begun to transition to regenerative agriculture is one step in Danone's wider ambition to make regenerative agriculture practices the norm across its dairy farms and ingredient sourcing.

In 2022, the Group paved the way for accelerating its work on empowering generations of farmers by publishing its Human Rights Policy. Empowering means developing sustainable relations with farmers, supporting them in the transition of their practices, via funding and training, and assessing farmers and workers livelihoods and working conditions in order to develop appropriate and enhanced human rights due diligence.

Danone has also made a number of animal health and welfare commitments and priorities, which are formalized in its Animal Welfare Position Paper and for which a progress report is published regularly. Danone's approach to animal health and welfare was developed in collaboration with the NGO Compassion in World Farming (CIWF) and is based on the five freedoms, recognized internationally by the Farm Animal Welfare Council. In 2022, Danone published a position paper documenting on animal research.

Action plans and outcomes

Danone works with a large number of farmers, including 58,000 dairy farmers, worldwide. Danone's global, regional and local teams work hand in hand with farmers, suppliers and technical partners to support farmers and develop action plans and roadmaps for continuous improvement towards more resilient, sustainable and economically viable farms. These roadmaps are tailored to where the farms are in their regenerative agriculture and decarbonization journey, and what the farms' challenges are, in order to prioritize improvement practices, bearing in mind trade-offs and co-benefits.

Regular monitoring helps to establish a clear understanding of where farms in the supply chain are currently placed in their regenerative agriculture transition journey and what steps Danone needs to take to support them to go further. This also allows for increased supply chain transparency and enables continuous improvement. Danone assesses farmers' practices and / or impact on the three pillars of regenerative agriculture, based on a number of tools. These include Cool Farm Tool worldwide (in 14 countries) or CAP2ER (in France) to monitor GHG footprint of the purchased milk, Danone regenerative agriculture scorecards on the environmental and social pillars, as well as Danone animal welfare grid (see each sub-section below).

Danone also works with many partners, NGOs, universities and agricultural technicians to promote the adoption of best agricultural practices and share learnings with the farming communities and supporting ecosystem. For example, Danone created the Farming for Generations (F4G) global alliance in 2019, bringing 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. In 2019, Danone and F4G partners set up pilot projects in 33 farms in 8 countries (in Europe and the United States). The alliance has created a toolbox, which as of 2022 has more than 50 solutions for holistic improvement on farms. The toolbox provides solutions on: animal health and welfare, herd management, nutrient cycle management, feed autonomy and feed efficiency, soil health, emissions reduction and farm management skills. By 2022, more than 225 farmers have implemented practices on their farms and 98% of them improved their performance or kept the practice after one year. F4G has now also reached more than 2,600 farmers, sharing learnings through farmers events, webinars, newsletters and the Danone Regenerative Agriculture Knowledge Center (see section *Empowering (new) generations of farmers and assessing farmers and workers conditions*).

In parallel, Danone continues to actively work with coalitions such as Sustainable Agriculture Initiative (SAI) Platform, OP2B (One Planet Business for Biodiversity) and with peers to accelerate and scale the transition to regenerative practices in the food and beverage sector, as well as in other sectors relying on agriculture. Danone also collaborates with its suppliers of key ingredients by developing strategic partnerships, such as its partnership with Royal FrieslandCampina to reduce greenhouse gas emissions on farms (see section 5.2 *Nature*).

Protecting soils, water and biodiversity

The first pillar (environmental) of Danone's regenerative agriculture framework - protect and restore soils, water and biodiversity - focuses on enhancing soil organic matter content, increasing soil carbon sequestration capability, strengthening biodiversity, and protecting and retaining water resources (see section 5.2 *Nature* section *Preservation of the water resource*).

In 2021, Danone introduced two resources, the Danone Regenerative Agriculture Handbook and Scorecard, to support field technicians and practitioners to assess a farmers' level of adherence to regenerative agriculture practices, advise them on best practices and to develop continuous improvement plans. These resources were updated in 2022 to incorporate feedback from the previous assessment campaign, and were embedded in a digital tool, to improve engaging with local teams and collecting farm information. This new digital survey was piloted in more than 25 farms in Europe, North and Latin America and from 2023 onwards will allow for better data quality at scale.

Since 2017, Danone has supported the implementation of 25 projects linked to soil health, water and/or biodiversity in 14 different countries. For example:

- amongst various projects, Danone France implemented the *Les 2 Pieds sur Terre* project since 2017, which aims to support dairy farmers to reduce their carbon footprint, regenerate soil and improve profitability. By 2022, the project has evaluated 1,250 farmers, held 51 training sessions and achieved a 7.8% GHG emissions reduction. Danone France has also worked on the Pachamama project, in collaboration with the *Blédina* brand, Danone Ecosystem and other French organizations, such as MiiMOSA, to support French fruit, vegetable and cereal farmers in the application and dissemination of regenerative agriculture practices that respect soil health and biodiversity. At the end of 2022, the project has reached 31 farms, held 30 trainings and gave external expertise to 210 beneficiaries.
- In 2017, Danone North America launched a regenerative dairy program, which is the most comprehensive program in the country. The program aims to increase soil organic matter, improve yields, reduce chemical use, restore biodiversity and enhance soil water holding capacity, to provide farms with improved, long-term economic resilience. As of 2022, the program covers approximately 144,000 acres (93% of farms and 75% of Danone North America's milk supply). To date, it has helped reduce more than 54,000 tons of CO₂ equivalent, contributing to Danone's 1.5°C roadmap, equivalent and prevented more than 480,000 tons of soil from erosion. In this context, Danone North America partners with Sustainable Environmental Consultants to continue deploying their R3 tool – "Robust, Resilient and Reliable" – in Danone North America to help farms understand the potential return on investment of regenerative agriculture practices. Danone North America will be expanding this program from 2023 onward, working with a set of value chain partners and was recently awarded a 70 million dollars grant from the U.S. Department of Agriculture, to support the Climate Smart Commodities Initiatives.
- In 2021, Danone Brazil launched the Flora Project, to implement regenerative practices for different dairy production models, such as rotational grazing with tree shading, no-tillage, cover crops and manure management. The project started with 22 hectares, scaling up to 350 hectares in 2022 and the expectation is that Flora will cover around 1,400 hectares with these regenerative techniques in 2023, contributing to the farms having improvements in soil health and biodiversity, feed autonomy and quality in the forage used.

All of these projects contribute to reduce greenhouse gas emissions from farms and/or increase the rate of carbon sequestration in the soils, thus contributing to Danone's net zero emission by 2050 target.

Empowering (new) generations of farmers and assessing farmers and workers conditions

Development of sustainable relationships with farmers

Farmers and farm workers are the lead actors in the transition to regenerative agriculture, and they must be supported financially, trained and equipped to successfully lead the way. Danone is committed to supporting farmers and farm workers, whether they are just starting out their regenerative agriculture transition, or well on their way. Danone is also committed to improving the livelihoods and conditions of farmers and farm workers, to make the sector more attractive for future generations. For instance, in Spain, Danone has implemented a project to support farmers on the verge of retiring in finding generational relay for their farms and to coach young people to become professional farmers by providing them

training, technical and business planning support, and creating farmers network for experience sharing.

To support farmers globally, Danone has created a number of assessment tools and resources, but also mechanisms for knowledge exchange, such as farmers events, coaching sessions, and the Danone Regenerative Agriculture Knowledge Center. The Danone Regenerative Agriculture Knowledge Center, launched in 2021, is a website that provides resources on regenerative agriculture practices to upskill farmers within and outside of Danone supply chain, field technicians, and partners. In 2022, this website was translated into nine languages, making it more inclusive and accessible for Danone's global farmer network. It complements Danone's employees e-learning module deployed in 2021 that covers the three pillars of its Regenerative Agriculture Framework and Danone brand's actions to implement them.

In 2022, Danone also organized an EU farm tour as part of the global project Farming for Generations, where farmers and field technicians from Danone Poland, Germany and Romania received a visit from one of the most advanced farmers from the Danone North America portfolio and shared their respective challenges and best practices. The learnings were shared with more than 50% of farmers in Danone Poland and Danone Romania.

Danone also looks to support farmers via training equipment and funding opportunities, to support a positive and sustainable transformation of agricultural chains. For example:

- in Africa, Danone has already deployed projects to support more than 12,000 smallholder dairy farmers across Morocco, Egypt and Algeria. In Morocco, H'lib Bladi project was launched in 2015 with Danone Ecosystem, with the goal of developing sustainable dairy production for smallholder farmers. The project successfully onboarded almost 2,000 farmers. In 2022, Danone revisited this project in order to scale it up in 2023 by expanding the goal to train 10,000 farmers.
- Danone Mexico, Danone Ecosystem, the Inter-American Development Bank, Technoserve and local partners supported 500 small-holder farmers in transitioning to regenerative dairy practices. Support has included measures to improve herd management and productivity, including connected collars that monitor cow rumination and movements. This project reduced GHG emissions by 13% in 2 years and improved farm economics: every dollar invested in the project generated 34 dollars in incremental income for farmers.

Assessing farmers and workers conditions to evaluate the need for enhanced due diligence

To support the transitioning towards regenerative agriculture practices, Danone also plans to assess farmers' livelihoods and agricultural workers working and living conditions. Through taking baseline measurements, Danone wants to have a clear understanding of where farms in its supply chain are currently placed with regards to social and human rights standards and what steps it needs to take to support them to improve.

For this purpose, in 2021, Danone developed a survey focusing on people to assess farmers' economic resilience, livelihoods and the priority labor rights of their workers. The survey is organized around three themes: farmers livelihoods and autonomy, health and safety for all, and workers labor conditions. It is supported by a scorecard and on-farm assessment tools to establish a diagnosis of farm practices and inform the definition and implementation of ad-hoc continuous improvement plans for and with farmers.

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.

In 2022, Danone developed the Social Handbook designed to provide guidance for completing this second pillar “empowering generations of farmers” scorecard assessment and highlight best practice for farmers and farm workers to improve their performance and working conditions. It can be found on the Regenerative Agriculture Knowledge Center.

The Social assessment will start to be deployed in 2023 in conjunction with some regenerative agriculture projects.

Respecting animal welfare

Animal welfare is one of the three core pillars to Danone’s Regenerative Agriculture Framework, as happy and healthy animals, from pollinators to cows, all have a positive impact on the environment, on farmers, and on consumers. Securing the health and well-being of animals is vital to ensuring a prosperous and diverse ecosystem.

Respecting animal welfare is key to responsible farming. Danone is committed to working with farmers and other partners to bolster animal welfare and achieve better conditions for all animals. In 2016, Danone published an Animal Welfare Position Paper that crystallised

Danone’s approach, which is based on the Five Freedoms established and internationally recognised by the Farm Animal Welfare Council. Danone is working to ensure these freedoms are upheld for all species and have been progressing on its species roadmaps with the support of CIWF and other specialized partners.

In 2022, Danone assessed animal welfare for 80% of volume of its fresh milk produced via the Group’s animal welfare audit. Danone also carried out nearly 2,600 audits at a farm level, which scores farms on a scale from 0-100 points. In 2021, the average score was 70 points.

Danone reports its progress on its animal welfare commitments regularly in a dedicated report, which is available on the Company’s website.

In 2021, the Danone animal welfare assessment tool won the “Special Recognition Award 2021” in the Innovation Category, organized by the CIWF.

Danone was also awarded Tier 2 status (out of 6) in the Business Benchmark on Farm Animal Welfare (BBFAW), an independent report, from 2018-2022, as a result of Danone’s commitment to animal welfare in its business strategy.

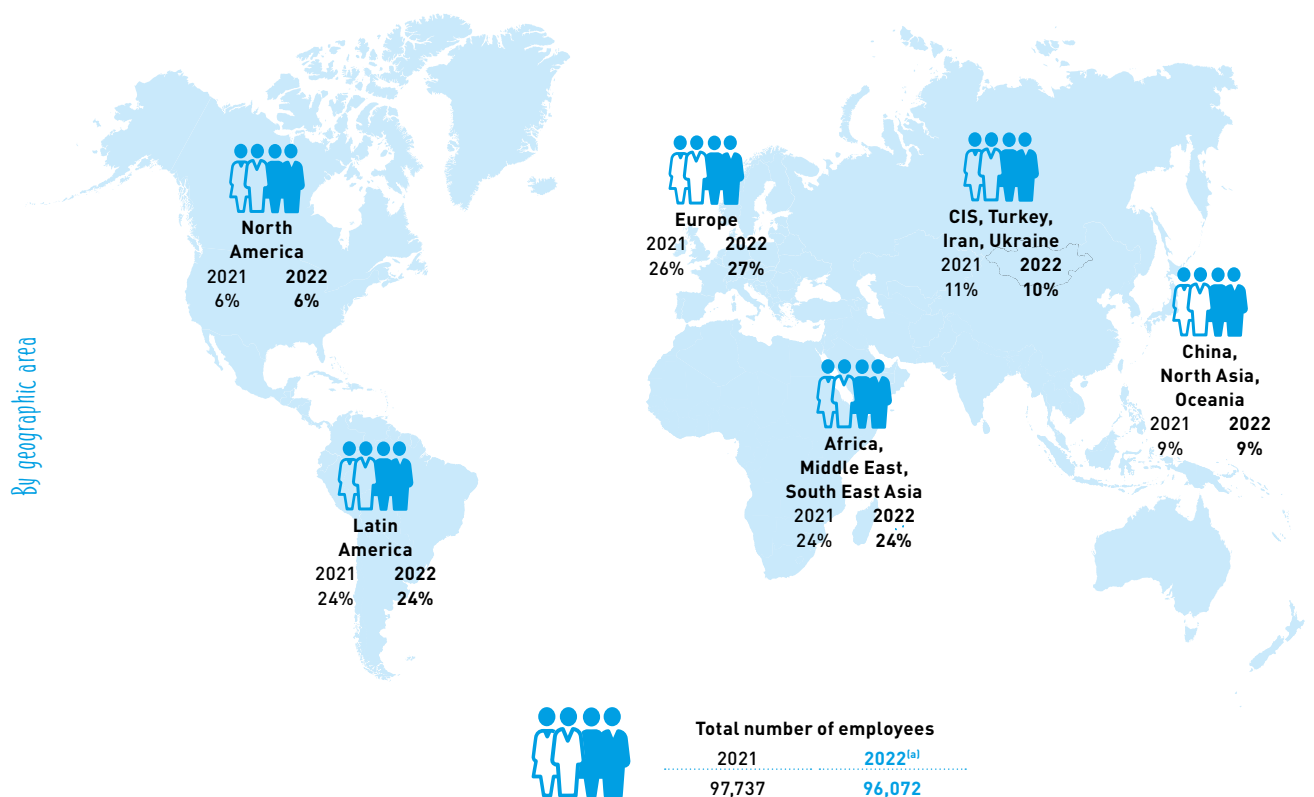
5.4 PEOPLE AND COMMUNITIES

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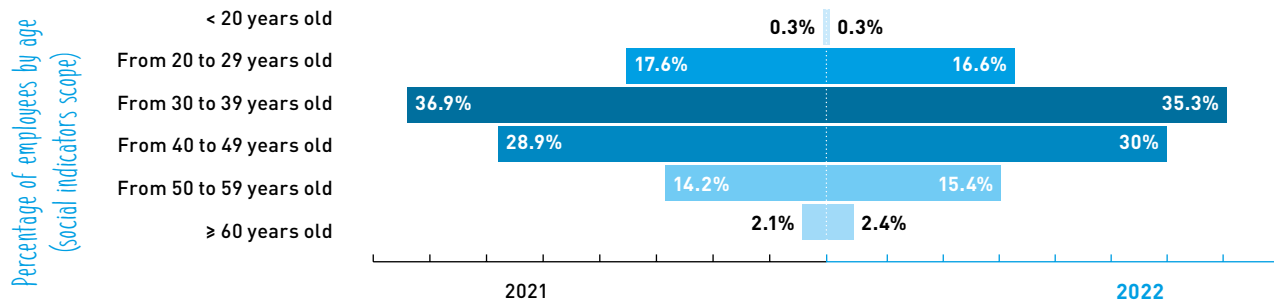
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DANONE'S EMPLOYMENT APPROACH

Employees



(a) This number does not include 0.1% of Danone's total workforce (i.e. 94 employees), which corresponds to the entities that were included in the scope of the social indicators in 2022 (Scope of social indicators, Methodology Note). The total number of employees including these 94 employees is 96,166.



Percentage of women in the organization

	2021		2022	
	Total	% women	Total	% women
Board of Directors ^[a]	13	45%	12	50%
Executive Committee ^[a]	7	29%	16	25%
Managers, directors and executives	22,469	52%	22,488	52%
<i>Senior managers: executives (excluding Executive Committee) and directors</i>	1,700	41%	1,637	42%
<i>Other managers</i>	20,762	53%	20,851	53%
Non-management employees	75,268	27%	73,584	26%
Total employees	100%	32%	100%	32%

[a] For more information, see section 6.1 *Governance bodies*.

Conditions and organization of Danone's working time

	2021	2022
Hires ^[a]	13,808	14,835
Dismissals ^[a]	6,553	6,405
Absenteeism rate ^[a]	2.9%	3.1%
Employee turnover rate ^[a]	19%	20%
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 Group 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.

Human Resources

Bringing health through food to as many people as possible would not be achievable without the passion and quality of Danone's employees. Attracting and retaining talents, and creating the conditions so they can give the best of themselves are critical objectives for Danone's success.

Through its Human Resources strategy, Danone aims at providing a healthy, safe and inclusive place to work, promoting life-long learning and development, with the ambition of being a great talent hub.

Culture

Building from its legacy, Danone wants to promote a culture where performance and sustainability go hand in hand. In 2022, the Human Resources team facilitated an intense global conversation on culture: interviews, workshops, and a Culture survey were conducted in all Zones and Functions to better understand the opinions of Danone employees on the Group's values and behaviors as well as on the Renew Danone strategy.

The insights from the feedback received helped refresh and update the Group's culture in order to:

- increase awareness on the Danone HOPE Values (Humanism, Openness, Proximity & Enthusiasm). The four fundamental values that each Danone employee should use as a moral compass, to make the right decisions, not only on everyday topics, but also on strategic decisions that might have a big impact in the future of the Group;
- launch a new set of Danone Behaviors, critical to achieve the Renew Danone strategy objectives:
 - Put Danone first: Consumers, patients and customers are at the center of what we do: we exist for them and we need to act and work as one team to meet their needs.

Inclusive Diversity

Definition

Inclusive Diversity is at the heart of the Danone Culture. For Danone's employees, it means being able to be themselves at work so they can unleash their full potential.

Governance

Inclusive Diversity thrives at all levels of the organization, thanks to the role modelling of leaders and the proactivity of all employees. Since 2021, Inclusive Diversity has been sponsored by two Executive Committee members. In addition, Danone encourages employees to act within their sphere of influence to help achieve inclusive diversity targets. More than 400 Inclusive Diversity Champions around the world are driving change at the local and functional level, working with the Human Resources department and management teams. Moreover, employee networks focus on specific aspects of Inclusive Diversity, such as the local networks Women in Tech, Women of Operations, Pride groups in Benelux, North America, United Kingdom and Ireland or the new This-ability Taskforce.

In order to support the Inclusive Diversity strategy globally, an Inclusive Diversity Steering Committee is working on a transformational approach based on three pillars: People, Brands and Partners.

- Lead with people: We grow as leaders by developing others.
- Keep it simple: We deal with complexity by bringing focus and a pragmatic approach.
- Be accountable: We are decisive and fact-based.
- Walk the talk: We do what we say, acting as role models.

Danone's vibrant, value-driven culture is a very powerful asset that inspires employees. It makes them proud, and attracts new talent to the Group.

Policy

Inclusive Diversity Policy

Creating an inclusive and diverse environment is ensured by the deployment of three fundamental policies:

- Global Inclusive Diversity Policy, which sets standards of equality and fairness;
- Global Parental Policy, deployed in 55 countries, it sets common foundations for both primary and secondary parents;
- Anti-harassment and Discrimination Policy, an extension of the Global Inclusive Diversity Policy, reinforcing Danone's commitment to ensure a workplace free of harassment and discrimination.

In 2022, Danone continued promoting inclusive behaviors and gender equality. The main targets, and the main progress in 2022 are as follows.

Priority	Target	Situation in 2022
Promotion of inclusive behaviors	Maintain inclusion index above peers ^(a)	Score of 86% of the Inclusion index ^(a)
Gender Balance	Achieve gender balance in management globally by 2030	42% of women in senior managers positions (executives and directors)
	40% to 60% of gender balance in Executive Committee by 2029	25% of women in Executive Committee as of 31 December 2022
Gender Pay Gap	Drive equity and close gender pay gap by 2025	3.2 pts in 2022 in manager, directors & executives positions

(a) measured through Danone People Survey.

Gender diversity target has been redefined in 2022. The target focuses on achieving gender balance in management globally by 2030.

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.

Disability

Danone encourages its subsidiaries to promote practices to support people with disabilities.

In France, the Group signed specific agreements on disability and the fight against discrimination that include measures to support people with disabilities. Furthermore, Danone promotes the recruitment of people with disabilities by supporting events such as Tous HanScène.

Moreover, in 2022, Danone Brazil successfully launched a project by partnering with a local NGO to design recruiting processes and improve the conditions for people with disabilities. The percentage of employees that declare to have some type of disabilities reached 6,7% of the workforce in Danone Brazil.

Danone also focuses on retaining people with disabilities by ensuring that they have the most suitable work environment. The Group therefore extended its global membership with Business Disability Forum, a non-profit organization aimed at creating a disability-smart world by linking businesses, people with disabilities, and governments. Danone also created a global This-Ability Taskforce which follows up on global actions and shares best practices across 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 primary birth parent, 14 weeks for a legally adoptive parent and 10 working days for a secondary parent;
- 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.

The parental policy is deployed in all countries in which Danone operates.

Action plans

In 2022, Danone held several internal Inclusive Diversity events, broadcasted with simultaneous live translations in 6 main languages:

- International Women Day: The Group organized events and activities under the theme "Break the Bias";
- International Pride month: several local Employee Resource Groups organized conferences to foster diversity and promote a culture of respect and equality. In addition, a global event took place to celebrate the signature of the United Nations Standards of Conduct for Business to tackle discrimination against lesbian, gay, bisexual, transgender, and intersex people;

Focus – Engagement

Danone's employees help co-build the strategy of the Group. Through the "Danone People Survey" and Pulse programs started more than 2 decades ago, all Danone employees worldwide—regardless of seniority, position or location—have the opportunity to express themselves, share their convictions and put into action their opinions to build the Danone of tomorrow.

In particular, the Danone People Survey means the sustainable engagement of employees, through an evaluation of the strength of the employer-employee relationship of whether employees are enabled to be successful and whether the culture and the environment support employee well-being.

- Inclusive Diversity Week: a full week with local and global events to celebrate diversity and increase the level of awareness on this topic;
- International Day of People with Disabilities: Global live-streamed event focused on learning more about the meaning of disability in the workplace, showcasing some local projects and the This-Ability taskforce.

Moreover, since 2022, each month a Country General Manager is presenting the status of Inclusive Diversity and the main KPIs and local initiatives related to the topic to the Executive Committee.

Furthermore, Danone continues to be a member of the LEAD Network, whose mission is to attract, retain and advance women in the Consumer Goods and Retail sector by annual conferences and mentoring support.

Outcomes

External recognition

Danone's work to foster an inclusive environment translated into improving the position of the Group in major external indexes. In 2022, Danone has progressed from 26th to 13th place in the Top 100 World in the Equileap's Gender Equality Global Report and was ranked #1 in France. In addition, for the 5th time, Danone is included in the Bloomberg Gender-Equality 2023 Index. Moreover, Danone North America was scored 100 on The Human Rights Campaign Foundation's 2022 Corporate Equality Index and was designated as a Best Place to Work for LGBTQ Equality.

Also in 2022, Danone received the Gender Equality Diversity and Internal Standard – Sustainable Development Goal Award of the Arborus Foundation for the "Alban Baladine" Milk Collection Centers project in Egypt. This project helps to empower small milk producers with a focus on the key role of women in dairy production. The target is to have social impact by opening milk collection centers and providing small milk producers with access to a wide range of services including milk analysis and storage to increase and maintain their cows' productivity. Over 8,500 small farmers, 94% of them being women, have been empowered through sustainable revenue streams.

In 2022, 90% of all Danone employees worldwide participated in the Danone People Survey, more than in the last edition in 2019 (89%). This survey was conducted by an external consultancy firm.

Overall in 2022, the current Engagement Score is 86 points, which has remained stable for the past 5 years. When compared externally, Danone employees have higher levels of engagement than the peers in the consumer goods industry (+3 points).

As part of the Group's collaborative strategy, Danone employees have the opportunity to participate in the building of their local action plans. In 2022, more than 31,000 Danone employees volunteered to be part of this initiative that will help address areas of focus for 2023 and beyond.

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 Group'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 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 Group level by the Safety Steering Committee, which is chaired by the Chief Operations Officer and the Chief Human Resources Officer, both members of the Executive Committee. They are supported by the Vice President Industrial Excellence and the Head of Health, Safety and Well-being.

Policies

Workplace Health and Safety Program – WISE²

Objectives by 2022	<p>In 2020, Danone achieved its 5-year ambition to reduce by 50% its lost time accidents between 2015-2020. It continued its trend of positive results during Covid-19 period despite a difficulty to apply Danone's standards in term of safety audits and safety rituals in particular. The target to achieve zero fatality remains the Group's long term objective^(a).</p> <p>In 2022, Danone set incremental safety improvements. Its objective is to reduce by 4% its FR1+2 which includes lost-time accidents and non-lost-time accidents (see Results section hereinafter).</p>
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	<p>WISE² is a worldwide program that seeks to continuously reduce the number of workplace accidents through two approaches:</p> <ul style="list-style-type: none"> • promoting the culture of workplace health and safety at all Group sites; • ensuring compliance with standards for the most critical risk situations. <p>To address these risk situations, the Group 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 has 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).</p>

(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.

This risk assessment is supposed to be revised once a year to take into account new risks and eliminate some according to action plan executed of some equipment changes. Mitigation plans to be implemented are part of this document and remaining risk assessment after action is also included. Health and Safety managers on site are in charge of updating Single Assessment Documents and Site directors are legally accountable for this update. In the production sites, each area manager is implementing the assessment in coordination with safety teams.

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 2022, following the improvement of the global sanitary situation, Danone was able to progressively resume WISE² on-site audits.

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.

Outcomes

Year ended December 31						
	2021			2022		
<i>(number of accidents, except frequency rate in percentages)</i>	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)
Total	1	245	1.0	1	269	1.1

(a) Safety Scope, see Methodology Note.

Year ended December 31		
	2021	2022
Frequency rate 2 (FR2) ^(a)	0.79	0.68
Severity rate ^(a)	0.07	0.06

(a) Safety Scope, see Methodology Note.

In 2022 Danone did not achieve its target of reducing FR1+2 by 4%. The Group has increased its FR1+2 by 2% landing at 1.82. Despite the improvement of its results during Covid-19 period, its auditing and training programs have been reduced therefore resulting in a slowdown in the overall performance.

In 2022 Danone achieved a stable performance in Safety. Despite significant improvements in most of its zones, the Group faced specific increasing trend of accidents in North America. Reinforcing its safety basics and audits, Danone aims to be back on its historical trend in 2023.

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 WISE² program. Danone defined a systematic approach built around five pillars: (i) ensure a good work rhythm, (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.

The Group 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.

Employee Learning and Development

Definition

The Learning and Development framework aims at enabling Danone employees to acquire critical skills for the sustainable growth of Danone by creating a continuous learning organization.

Governance

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

Being a strategic topic, in particular for the Human Resources function, the governance is both at Human Resources Board level for main strategic decisions, with the support of Human Resources Directors as well, as with all functions through functional Learning & Development committees for each function. In addition, operational teams at global and local level have regular meetings to share updates and best practices on this topic.

Policies, action plans and outcomes

In 2022, Global Human Resources identified three priorities for a simpler and more relevant and user centric Learning & Development approach: re-ignite development, simplify and curate the learning offer and increase the impact of training by focusing on user centrality. Overall, Danone offers managerial and functional training to enable employees to upskill and reskill themselves according to their needs, notably using digital tools. This is aligned both with the strategic plan of each function and with each Danone employee individual development plan.

Danone's digital learning platform Campus X is a powerful tool to provide impactful learning solutions for employees all over the globe, with an increasing number of e-learning modules and on-line courses and online facilitator-led training. Moreover, Danone provides access to LinkedIn Learning, Coursera and Get Abstract.

The Campus X ecosystem has been recognized externally to be at the front edge of learning systems, providing a wide range of content to Danone's employees, both from a functional and leadership

standpoint (with 50,000 different resources). It is accessed by approximately 20,000 employees every month.

	2021	2022
Number of permanent employees who took at least one training course ^(a)	95,542	95,341
Total number of training hours ^(a)	2,322,335	2,451,042
Percentage of employees trained ^(a)	100%	100%
Average number of hours per person trained ^(a)	25	26

(a) Social indicators scope, see Methodology Note.

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;
- specific qualitative targets, defined with each employee's immediate manager and allocated to the categories of People (such as succession plan, development, turnover, diversity), Renew (linked with the implementation of the Renew Danone Strategy) and Function (such as productivity, market share sustainability).

As part of an integrated vision of the Group'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 Group's environmental impact, employee health and safety and diversity. In 2022, the number of beneficiaries was extended and grants were made to 1,750 employees (see section 6.3 *Compensation and benefits of governance bodies*).

Employee profit-sharing and share ownership

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.

Danone also promotes share ownership for its employees:

- Employees of Danone's French companies can subscribe for an annual capital increase as part of a Company Savings Plan.
- At global level, Danone launched in 2019 its first global employee share ownership plan, enabling its employees in 8 countries to subscribe for new Danone shares. Since then, the share ownership plan was extended to additional countries. In 2022, the plan covered 46 countries, representing 83% of Danone employees worldwide. (see section 7.3 *Authorization to issue securities that give access to the share capital*).
- Lastly, 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 Group as of December 31, 2022*). Each year, every single new Danone employee receives a Group share.

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 Group 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, 2022, and the expenses for the year are presented in Note 8.3 of the Notes to the consolidated financial statements.

Health benefits - for employees

Definition

Access to the health and risk coverage and also education regarding health challenges for all employees is a key priority for Danone. The Group continues to support its employees with Dan'Cares program in all countries where it operates. This priority has been reinforced for all employees worldwide since Covid-19 in the past 2 years and has been extended to the close family of the employees.

Policies

In 2009 Danone launched the Dan'Cares program, with the commitment of protecting all employees and ultimately guaranteeing a quality health coverage for all employees. It is to cover major risks and also to take into account relevant practices in the respective markets. The three major risks considered are 1) hospitalization and surgery, 2) ambulatory care and 3) maternity care. Dan'Cares is intended to be deployed in all Danone subsidiaries, including in countries where such coverages are not fully offered by the government regulated healthcare systems.

Danone conducts regular market studies to benchmark the policies in the market and enhance them if necessary. Danone also facilitates access to supplementary insurance plan for its employees in the markets where supplementary insurance plan is available.

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 Group's 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' CSR Committee, which monitors the implementation of action plans and initiatives, is regularly updated on any Social Dialogue topics (see section 5.1 *Introduction*);
 - the France's Work Council and the Information and Consultation Committee (acting as the European Work Council of Danone) 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*).

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 2022, 35 countries (28 in 2021) had 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).

Outcomes

As of 31 December 2022, 94,761 employees (91,672 in 2021) in 56 countries (55 in 2021) 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.

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 Group'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 Responsible Sourcing and Human Rights from workers in the value chain in section 5.4 *People & Communities*).
- Danone communicates its commitments to all employees through its Code of Business Conduct (see section 5.6 *Responsible business conduct*).

Local First Project and FutureSkills Initiative

In 2020, Danone announced a transformation project called Local First, aiming to change the operating model to shift to a globally and locally grounded organization. In 2021, the Group 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 Group 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 job market.

Action plans

The Local First project has been 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

Employee security

Definition

With a presence in more than 120 countries, Danone may face 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.

Governance

In 2022, 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) designing and deploying the global guidelines [but the responsibility of implementation is for the local entity], (ii), mitigating security risks linked to international mobility in coordination with the local entity, and (iii) supporting all the teams in protecting the Group's tangible and intangible assets against malicious actions;
- 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,

journey. A digital toolkit was designed for local teams to support them in the implementation of the project. For example, in Fulda (Germany) in 2022, to support the transition of the plant to a new packaging technology, the FutureSkills program has been deployed in the form of in-depth professional training programs that prepare each team member to the jobs of the future.

As Danone became an *Entreprise à Mission* in 2020, the topic of Social Dialogue, and more precisely the FutureSkills project, was reviewed in 2022 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 2022, more sites have organized themselves, resulting into union recognition and negotiation of collective bargaining agreements in DuBois (Pennsylvania) and Salt Lake City (Utah).

Outcomes

In 2022, 74% of employees were covered by collective bargaining agreements (same as 2021) (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 2022, a total of 68 sites visits were made.

In 2022, 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).

which reports to the Chief Security & Competitive Intelligence Officer.

Policies

Danone developed a formal Security Policy that defines the Group'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 complements the Group'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.

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 Group'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 Group'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 2022, 47% of the sites conducted their self-assessment (scope: 174 production sites).

- **Response and incident management capabilities:** positioning resources that enable the Group to respond in the event of an incident. Working with the Human Resources department, the Security Department continuously applies an outsourced monitoring system as well as a security assistance program.

In 2022, Danone's Security Operational Center (SOC) noted 61 important or urgent events, all of which were reported to the Security team. For these events, the SOC contacted the Security team 10 times (vs. 4 in 2021) given that Danone employees were close to the impacted area. On 8 occasions, the Security team decided to contact all employees potentially affected by the event. The increase in the number of events handled by the SOC is tied to the resumption of most international travel in 2022 after two years of restrictions due to the Covid-19 health crisis.

Respecting and promoting human rights in Danone's operations

Definition

In 2022 Danone concluded the salient human right impact assessment initiated in 2021 with the support of Shift, the leading center of expertise on the UN Guiding Principles on Business and Human Rights. Regarding Danone's own operations, the assessment confirmed the gap between Danone's employees and external workers (temporary workers employed through labor agencies or contractor workers on Danone's sites) in relation to identifying potential human rights violations and implementing due diligence to prevent, mitigate and remedy them. As a result, the strategy to prioritize Danone's external workforce will be pursued.

Policies

In 2022 Danone strengthened its human rights approach by publishing its Human Rights Policy and updating the Danone Sustainability Principles (DSP) applicable to its value chain, including own operations (see section *Responsible Sourcing and Human Rights from workers in the value chain*).

Danone Human rights Policy reaffirms Danone's commitment to respect and strengthen human rights in its value chain and refers to the DSP for spelling out the human rights the Group is focusing on; it elaborates on Danone's responsibilities and on its expectations towards business partners (section *Responsible Sourcing and Human Rights from workers in the value chain*) and, it describes Danone's approach for implementing human rights due diligence, with external workforce identified as the next step.

The DSP consist of Danone's fundamental values and principles related to social and human right principles, environmental protection, and business ethics. The 2022 update took into account Danone's salient human rights impact assessment and the Group's latest policies and voluntary commitments, in line with reinforced international sustainability standards and requirements.

The Social Principles of the DSP were strengthened on several accounts: beside clarifying the international standards used as reference, some principles were reinforced (e.g. no child labor), some were added such as diversity and inclusion or rights of communities and indigenous people. To guide Danone's operations and employees, the Danone Sustainability Principles & Implementation Note for Danone and Employees sets out the principles for how Danone relates to its employees and what is required and expected

from all Danone's entities worldwide. It commits all employees to implement the DSP in their daily work and interactions with business partners, including raising concerns when they deem it appropriate.

Action Plan – Implementation

Danone has identified on-site external workers as a main priority for internal human rights due diligence. Beside, considering the systemic scale of human rights violations worldwide on these vulnerable populations, Danone favors collective approach with peers and civil society to enable learning, best practice sharing and increased impact.

In 2018, the Group 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. Danone developed in 2021 a dedicated Internal Control/Internal Audit point to monitor its subsidiaries' compliance with the policy and identify improvement areas.

More broadly, as a member of the Consumer Good Forum (CGF)'s Human Rights Coalition – Working to end forced labour, Danone pledged to develop and deploy Human Rights Due Diligence (HRDD) systems focusing 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 supported by the Fair Labor Association (FLA) to develop the due diligence framework tools and processes. In 2022, Danone piloted the first steps of the Coalition due diligence framework in its Polish and Brazil Business Units, which were selected mainly on the basis of the number of external workers and awareness and engagement of the local teams. Local cross functional task forces were identified (Human Resources, Procurement, and Legal /Compliance) and trained by FLA to increase their capabilities. They mapped the Business Units workforce and ran the human rights self-assessment questionnaire on the highest risk categories, i.e. external workers. The findings

did not identify significant violations but evidenced the need to reinforce policies and processes. This will be addressed through local follow up Action Plans. Danone developed in 2022 its HRDD roadmap, sequencing the Business Units based on the number of external workers and the inherent country risks.

In parallel, the Group continues to monitor its subsidiaries' sustainability performance through the Danone Way program. The human rights practice specifically addresses temporary workers identified at higher risk than employees due to their increased vulnerability. Each Business Units is required to nominate a Human Rights Champion specifically trained on human rights and forced labor and responsible for ensuring that local HR and operational managers in relation with temporary workers are trained on unethical recruitment risks and forced labor drivers.

RESPONSIBLE SOURCING AND HUMAN RIGHTS FOR WORKERS IN THE VALUE CHAIN

Danone has identified three risks linked to sourcing, namely: (i) business practices and price setting, (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 (see Sustainability cross-reference table in 5.1 *Introduction*)

Danone's responsible sourcing and human rights due diligence are based on the UN Guiding Principles on Business and Human Rights (UNGPs).

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 Group'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 sustainability principles and has made specific public commitments. It fulfills these commitments by working with suppliers towards more responsible business practices.

The Danone dedicated e-learning training program on human rights and fight against forced labor is available on the Group training platform to the Procurement, Human Resources and General Secretary functions. 6,658 Danone employees had completed this training at the end of 2022.

Finally in 2022 Danone strengthened its employees' engagement on human rights through the launch of Human Rights Community Networking Calls. Gathering the local Human rights Champions (Human Resources), RESPECT Champions (see section 5.6 *Responsible Business Conduct*), and local Sustainability Managers (General Secretary), these quarterly calls enable information and best practice sharing and aim at progressively building local awareness and capabilities. The last call in December 2022 was mainly dedicated to the newly published Human Rights Policy.

Governance

Danone's responsible sourcing approach is sponsored by the Chief Cycles & Procurement Officer with specific teams in charge of monitoring and implementing the related Group's agenda.

The Agriculture Cycle team is specifically responsible for developing Danone's global agriculture strategy and ensuring this is implemented into regional and local strategies and roadmaps (see 5.3 *Regenerative Agriculture*). In addition, Responsible Sourcing team has dedicated resources to lead on human rights and deforestation, oversee supplier sustainability activation and management, including tier 1 (excluding milk) supply chain due diligence program (RESPECT).

An update on the progress of the "human rights" pillar of the vigilance plan was presented to the CSR Committee of the Board and to the Board of Directors in December 2022, focusing on the new Human Rights Policy. This policy has been approved by the Executive Committee and published in December 2022. The governance of the environmental pillar is described in section 5.2 *Nature*.

Policies

Sustainability Principles

Danone's responsible sourcing approach is based on Danone's Sustainability Principles (DSP) (see section 5.1 Introduction). Applicable to the Group's value chain including its own operations, the DSP were updated in 2022, taking into account the Danone's salient human rights risk assessment and the Group's latest environmental policies and voluntary commitments in line with reinforced international sustainability standards and requirements.

The DSP include:

- ten social principles including the criteria set by the International Labour Organization (ILO): no child labor, no forced labor, no harassment or abuse, reasonable working hours, decent wage, no discrimination, freedom of association and the right to collective bargaining, safe and healthy working conditions, diversity and inclusion, rights of communities and indigenous people;
- seven environmental principles: biodiversity, deforestation, circularity (waste and plastics), water (including not impacting negatively communities' access to water), climate change and greenhouse gas emissions, 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.

The public document Danone Sustainability Principles & Implementation Note for Business Partners sets out the Group's expectations for Business Partners. The DSP are incorporated into a clause in Danone's contracts with direct suppliers meaning that acceptance and adherence to the DSP (or provision of equivalent principles) is mandatory to do business with Danone. The Business Partners must agree to ensure transparency, to remedy any shortcomings, to put grievance mechanisms in place and to drive continuous improvement.

Furthermore, Danone recognizes the critical role its Business Partners play in upholding human rights and environmental commitments in its extended supply chain and request them to exercise due diligence in implementing requirements consistent with the DSP within their own operations and their supply chain up to origin suppliers of raw materials, including providing a grievance mechanism.

Environmental commitments

As mentioned above, Danone's responsible sourcing requires engaging and involving its value chain partners and suppliers with respect to its environmental commitments.

Summarized in the 2022 version of the DSP, these commitments and their related strategies address biodiversity, elimination of deforestation, regenerative agriculture, preservation of water resources, circular economy and reduction of GHG emissions are described in section 5.2 *Nature*.

Human rights commitments

Similarly, Danone's responsible sourcing requires engaging and involving its value chain partners and suppliers with respect to social standards and human rights commitments.

The 2022 Danone Human Rights Policy reaffirms Danone's commitment to respect and strengthen human rights in its value chain and refers to the DSP for spelling out the human rights the Group is focusing on; it elaborates on Danone's responsibilities and expectations versus business partners; it describes Danone's approach for implementing human rights due diligence in the different scopes of the value chain. (see section *Danone's employees – Respecting and promoting human rights in Danone operations*); finally it focuses on grievance mechanism and remedy and on the governance of the topic.

Beside this overarching policy, Danone has a long standing commitment against forced labor recognized as one of the most pressing social issues of our time in agricultural supply chains. 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 2022, Danone piloted the first steps of the Coalition due diligence framework in its Polish and Brazil Business Units, (see section *Respecting and promoting human rights in Danone operations*).

In 2022, 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

Human rights and environmental risk mapping

In 2017 Danone performed a global social and environmental impact assessment for its 20 main purchasing categories. The Group 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.

The assessment identified priority categories in relation to human rights, 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.

In 2021 Danone undertook a salient human right impact assessment in its value chain with the support of Shift, the leading center of expertise on the UN Guiding Principles on Business and Human Rights. The priority categories already identified were confirmed.

In 2022, Danone concluded the salient human right impact assessment and used the learnings to update and upgrade the Danone Sustainability Principles together with their implementation guidance and to develop its Human Rights Policy. The salient impacts will further inform Danone's human rights strategy.

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

For environmental issues risk-mapping, refer to section 5.2 *Nature*.

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

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.

The responsible sourcing due diligence developed on agricultural supply chains can be found:

- in section 5.2 *Nature* for Danone's upstream supply chain for other ingredients than fresh milk;
- in section 5.3 *Regenerative Agriculture* for the social pillar of the Regenerative Agriculture framework;
- in section 5.4 *People & Communities* for the sourcing of fresh milk.

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 endorses the principles enshrined in the United Nations Guiding Principles on Business and Human Rights (UNGPR).

Regular evaluation procedures for Tier 1 in scope suppliers

The RESPECT program streamlines evaluation procedures for Tier 1 suppliers. It is structured on three main pillars:

- Danone requires Tier 1 suppliers in scope to complete a self-assessment questionnaire evaluating their sustainability performance through registering on the Sedex (Supplier Ethical Data Exchange) platform (direct procurement categories, as well as third party manufacturers, and producers of promotional items) or the Ecovadis platform (indirect procurement categories), which as a result generates a scorecard. Both scorecards evaluate labour standards, health and safety, environment and business ethics dimensions. At the end of 2022, 3,189 supplier entities were registered on the Sedex or Ecovadis platform vs. 3,489 in 2021, and 91% had completed Sedex self-assessment or obtained an Ecovadis scorecard. These 3,189 entities represent 2,160 suppliers.
- Danone identifies high risk or high priority suppliers that should undergo an on-site assessment (audit). Since 2020, Danone is using a risk analysis approach that combines risks and spend level for suppliers of its operating units and global categories. The Group developed an in-house human rights impact evaluation for suppliers based on (i) the inherent country social risk index as identified by 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 2022 audit plan, selecting 103 high risk or high priority sites. Among them, 85 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. Both protocols include labor standards, health and safety, environment and business ethics. The audits are performed by expert third parties. Through the Sedex platform, Danone can also access audits of shared suppliers by peer companies and of participants of the mutual audit recognition through the AIM-Progress initiative. As a result, in 2022, Danone had access to 482 SMETA audits carried out on its suppliers, either by the Group 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 order to increase the robustness of the supplier remediation plans, the RESPECT team has dedicated resources located in China and Peru. 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 (local representatives that ensure that the program is embedded and rolled out at a local level) and buyers on the RESPECT program and ensures that they are aware of risks related to forced labor and the CGF's three priorities. The RESPECT team developed a 4-module e-learning course covering the fundamentals of the program, which was included in the learning journey for the procurement organization. More than 571 buyers, champions or purchasing managers have completed the course in 2022. This initiative significantly strengthened buyers' awareness and engagement with the RESPECT program. The RESPECT e-learning course complements the training module on human rights and forced labor already offered online (see section *Respecting and promoting human rights in Danone operations*). At the end of 2022, more than 6,658 Danone employees had completed this training.

Collaborative initiatives

Danone also aims to leverage its impact by collaborating in food and beverage sector initiatives such as AIM-Progress, Consumer Goods Forum (CGF), Business for Inclusive Growth (B4IG). Danone participates in various coalitions and workstreams 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 5.6 *Responsible business conduct*). The reporting process was developed in consultation with employee representatives and ensures that whistleblowers are protected.

In 2022, a total of 273 alerts have been accounted for in the human rights category, originating from 25 countries versus 395 alerts from 32 countries in 2021. As a reminder, the human rights category had been broadly redefined in 2021, adding to the initial scope of violations in the areas of child labor, forced labor, right to collective bargaining, working time and wages, the set of issues related to discrimination, harassment, and employee health, safety and security. They all have been brought under the umbrella of human rights reporting. In 2022, the Group continued refining its approach and reported "human rights" alerts more precisely dealing with:

- ending exploitation (prohibiting child and forced labor, prohibiting harassment and abuse, and ensuring reasonable working hours): 149 alerts (mostly harassment related issues);
- decent work (granting a decent wage and at least the applicable legal minimum or standard pay, committing to safe and healthy working conditions, granting freedom of association and right to collective bargaining, and ensuring all workers are treated equally with respect and dignity, with a positive culture towards diversity and inclusion) 123 alerts (mostly misconduct and discrimination issues);
- impact to people linked to the environment: 1 alert (community access to water).

In summary, over 85% of received alerts are related to harassment, misconduct and discrimination.

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, out of the 273 alerts created in 2022, 220 alerts have been closed, and 53 are still under investigation.

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 is being developed, and also to strengthen the grievance mechanism approach for the circle of stakeholders beyond employees.

In 2022, 6 alerts were raised in the "environmental violations" category, 5 of which were not confirmed after investigation, 1 is still under 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 Danone Ethics Line, in particular related to suppliers.

Tracking and assessing the effectiveness of supplier programs

Danone tracks its RESPECT program using the following three indicators:

- RESPECT KPI1 measures the supplier registration rate on Sedex or Ecovadis platform: it reached 94% of suppliers identified as in scope suppliers in 2022 (as of end of 2022, some suppliers are yet to be recorded in the Group's database and hence not identified as in-scope) (compared to 98% in 2021);
- RESPECT KPI2 measures the annual audit plan completion: 83% of SMETA audits planned were completed in 2022 (compared to 91% in 2021);
- RESPECT KPI3 measures the audit closure rate: 91% of audits that identified critical non-conformities (being commissioned by Danone on by peers on common suppliers) have been closed in the expected timeline (compared to 82% in 2021). 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 2021 and 2022.

	2021	2022
Total number of critical non-conformities identified	279	267
Percentage of critical non-conformities related to:		
• forced labor	3.2%	2.6%
• child labor	0.4%	0.4%
• health and safety	43.7%	53.6%
• discrimination	0.4%	2.6%
• freedom of association and the right to collective bargaining	2.9%	0.8%
• working hours and compensation	26.2%	25.5%
• the environment	11.5%	6.0%
• business ethics	2.5%	4.1%
• other	9.3%	4.5%

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

AFFECTED COMMUNITIES

Danone Communities

In 2007, Danone created the Danone Communities SICAV (Société d'Investissement à Capital Variable) and the Danone Communities FPS (Fonds Professionnel Spécialisé). The SICAV invests (i) at least 90% of its assets in money market instruments, bonds and other vehicles, and (ii) up to 10% in the FPS.

As of December 31, 2022, the Danone Communities SICAV fund had a total of €74 million in assets under management. Of that total, 19% was held by Danone and 46% 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, 2022, 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 18 social companies in 25 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, 2022, the total investments in these businesses came to €16.1 million for the Danone Communities FPS fund (€15.6 million as of December 31, 2021).

Providing access to safe drinking water for vulnerable people and communities

Danone commits to support social innovation projects and to supply safe drinking water to vulnerable populations.

Regarding local communities, the Group 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 10,900,000 people around the world in 2022, representing 2.3 billion liters of safe drinking water. This portfolio gathers innovative business models providing safe drinking water at affordable price to low-income population with 7% annual growth on average, on path to sustainability.

Danone Ecosystem Fund (*Fonds Danone pour l'Écosystème*)

The Group 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, also referred to as Danone Ecosystem, 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 € 1.2 million in 2022 (€ 1.7 million in 2021), are charged to the fund in full by Danone.

As of December 31, 2022, the Danone Ecosystem Fund had 35 active projects worldwide, representing a total commitment of € 80,300,000 (€78,400,000 as of December 31, 2021).

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.

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, including regenerative agriculture, and higher revenues, due to good connections with markets. These projects also help to preserve ecosystems through farming practices that combine productivity and respect of the environment.

As of December 31, 2022, 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 9 projects;
- in compartment 2 a total of €65 million (with Danone accounting for €25 million of that amount), which had approved 9 projects as of December 31, 2022.

Capitalizing on the 10-year experience of LCF, a new investment fund, the 3rd Livelihoods Carbon Fund - Livelihoods Carbon Fund SICAV-RAIF ("LCF3"), was created in 2021 with 15 investors and with a first closing of €143 million (with Danone accounting for €30 million of that total amount). This new fund finances projects supporting rural communities in their effort to preserve or restore their natural ecosystems and improve their livelihood through sustainable farming practices.

As of December 31, 2022, investors have 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 8 projects focusing on coconut (representing 2 projects), vanilla, shea, watershed protection (representing 2 projects, one in Mexico and the second one in Brazil), palm and cocoa.

5.5 HEALTH

Since its foundation, Danone has been committed to delivering health through food to as many people as possible by championing healthy eating and drinking habits. Health has been guiding product innovations, brand programs and portfolio choices, from the launch of the first yogurt, the introduction of new product categories and brands—such as *Activia*, *Alpro*, *Aptamil*, *Fortimel* and *Evian*—to the bold portfolio decisions taken in the last decades.

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 section 5.1 *Introduction*).

In order to address these risks, Danone aims at impacting positively the health of more people, by encouraging healthier choices:

- through products: ensuring food quality and safety, nutritional quality and labelling;
- beyond products: using responsible marketing and communication, and enabling programs and partnerships.

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

The Quality Food and Safety (QFS) strategy is defined and implemented by the Chief Food Safety Officer and the QFS SVP, which report both to the Chief Research & Innovation (R&I), Quality and Food Safety Officer, who is a member of the Executive Committee. Responsibility lies with:

- the Danone Food Safety (FS) department 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;
- the QFS function responsible of defining the quality standards and processes, then deploying and implementing the quality and food safety standards all along the value chain and at all levels of the organization.

The General Manager of each subsidiary is responsible for the compliance with applicable laws, regulations and Danone internal standards of the products released on the market.

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 and patients. It is replicated for each category, product and technology of the Group, 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 its operates;
- Danone’s Food Safety Policy, which refers to a Group-wide FSMS aligned with ISO 22000 and FSSC 22000 operating guidelines.

The FSMS is based on 5 processes to drive QFS excellence and on tight connections with the scientific and regulatory ecosystem, and numerous collaborations and partnerships in the different regions:

- risk anticipation and surveillance: A risk anticipation process, involving Corporate, Businesses/Regions and subsidiaries, functions in an end-to-end approach identifying new food safety developments (science, analytical methods, regulations, and standards) by leveraging internal and external competencies and connections;

- standards set up: Danone not only abides by local and international regulations, but also goes beyond by defining its own Group food safety requirements based on the latest science & highest international standards. These Group Food Safety standards guarantee application of a single benchmark for all the Group’s products and technologies wherever they are sold or produced;
- scientific assessments using the most advanced science and the most updated risk assessment approaches which allow informed business decisions;
- compliance and performance rigorous evaluation of the whole system through:
 - audits: food safety audits of Danone manufacturing sites aiming to check compliance against internal standards and external food safety audit certification of manufacturing sites, third party manufacturers and suppliers against Global Food Safety Initiative (GFSI) recognized schemes,
 - end-to-end Key Performance Indicators reported quarterly, showing the Group’s performance from design to consumer, as cost of non-quality, product non-conformities, storecheck, consumer feedback.
- a continuous effort to build QFS capabilities across the organization (all functions, all geographies) and deploy the iCare program to strengthen its employees’ QFS Culture with a focus on the following priorities:
 - develop a consumer-first mindset,
 - engage all its employees on quality topics,
 - promote visible engagement by leaders and management,
 - ensure that QFS related requirements and messaging are consistent and easy to understand,
 - encourage employees to get involved and share ideas to improve performance.

Collaborative initiatives

In addition, and in order to fulfill its mission, the Food Safety department ensures tight connections with the scientific and regulatory ecosystem and maintains numerous collaborations and partnerships in the different regions (EU, US, China, ...) with standardization and certification organizations, academia, governmental & intergovernmental organizations, industry associations and peers. Hence, Danone is an active contributor to the GFSI, in which the Danone Chief Food Safety Officer is Vice-chair of the Scientific Committee.

Action plans

In 2022, FS and QFS Departments have continuously improved their management systems by:

- Strengthening the risk anticipation governance, fully cross functional and cross categories and setting up accordingly two governance bodies:
 - a Risk Anticipation Committee led by the Chief Research, Innovation, Quality and Food Safety Officer, that decides on mitigations plans to be implemented, official communications (positions / policies) to be prepared and secures related resources,
 - a Public Positions and Policies Committee led by the Chief Food Safety Officer that defines proactive and reactive positions papers as well as policies. Both documents once validated by the Executive Vice President General Secretary and the Chief Research, Innovation, Quality and Food Safety Officer are presented to the Executive Committee by their 2 representatives.
- Continuing to reshape the standards for full harmonization cross categories with a "risk-based approach" (new/reinforced requirements for QFS in Sourcing, Manufacturing, Co-Manufacturing and Logistics; Traceability, HACCP, harmonized Chemical/ Microbiological FS Criteria for food contact materials, additives and flavors; Finished Products, Fermentation) and delivering numerous methods and tools to ease safe innovations and manufacturing;
- Deploying its new FS audits system aiming at better preventing FS issues and at stimulating continuous improvement towards excellence in all its factories with the implementation of an ambitious FS audits program with 72 audits completed (new process and governance, adoption of a new risk-based approach, upgrade of auditors' qualification, redefinition of the scoring rules and strengthening of a new algorithm to prioritized sites at risks);
- Implementing a global Product Non-Conformity Management program to reinforce and harmonize -cross category and cross regions- the fundamental processes, standards and governance to efficiently: (i) identify the root cause of the problem, (ii) define the corrective and preventive actions to put in place to address the issue, (iii) assure and develop expertise, and (iv) maximize learnings across a connected global multi-disciplinary network. This program is essential to drive consumer trust and enhance brand reputation, driving ways of working from reaction to anticipation and therefore reducing crisis and incidents;
- Developing data and digital tools to foster processes robustness and data driven decisions: In the past 3 years, Danone QFS has worked consistently on data & digital capabilities, with a full

program and roadmap covering the end-to-end value chain for better and more efficient processes, data access and therefore, supporting performance and data driven decisions. In 2022, progress was made accordingly to the Group roadmap on key domains such as:

- audits digitalization with a new solution implementation under pilot phase;
- traceability and transparency digital capabilities built and implemented in close collaboration with operations teams;
- new technology implementation to manage consumer conversations;
- amplification of the power of its food safety scientific and regulatory watch through artificial intelligence;
- development of its data analytics capabilities to support both local business and global visibility.
- expanding its learning and training internal offer on Food Safety in order to increase knowledge and competencies and supporting QFS Culture within Danone;
- reinforcing tight connections with the scientific and regulatory ecosystem, governmental and industrial partners through:
 - food safety collaborations with the best experts: in 2022, 3 scientific publications and 18 external interventions/ presentations to scientific seminars, workshops and conferences;
 - concrete results from strategic partnerships with Food and Agriculture Organization (FAO), China Food Safety Agency (CFSA), Mars and Mérieux NutriScience;
 - industrial leadership role at key organizations, e.g., GFSI, Safe Secure Approaches Field Environments (SSAFE), Specialized Nutrition Europe (SNE), Food Drink Europe (FDE), China Nutrition & Health Food Association (CNHFA), Food Industry Asia (FIA), etc;
 - annual Scientific Advisory Board (SAB) composed of well-known experts globally.

Outcomes

External certifications: Danone reached a site certification rate of 95% (93% in 2021). In 2022, 166 FSSC 22000 certification audits were conducted by independent certification bodies (190 in 2021) (see Production Site Food Safety scope, *Methodology Note*).

Internal audits: in 2022, the Global Food Safety Audit team conducted 72 in-house FS audits (50 in 2021) (see Production Site Food Safety scope, *Methodology Note*).

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 Group set as part of its *Entreprise à Mission* status. The Group has a healthier portfolio by choice and aims to create a positive impact on its consumers health. To do so, the Group works to evolve its product portfolio toward healthier food categories by reformulating and innovating on its product range while also drawing on its in-depth knowledge of public health concerns, eating habits and local cultural traditions.

Governance

The Health topic is supervised by the Chief Research, Innovation, Quality and Food Safety Officer; and a Chief Sustainability and Strategic Business Development Officer, both members of the Executive Committee.

- The Chief Research, Innovation, Quality and Food Safety Officer manages Danone's science, innovation, quality and product superiority agenda across categories.
- The Chief Sustainability and Strategic Business Development Officer oversees the identification of sustainable growth opportunities and is in charge of the overall sustainability performance of the Group. The sustainability agenda includes Health, Nature and People & Communities topics. Specifically, the VP Health is responsible for the oversight of the health strategy and its performance.

At top level, the Global Sustainability Board acting by the Executive Committee's delegation is a dedicated cross-functional forum to ensure a collective sustainability delivery. The mission of this board is among others to align on strategy and execution, set the

priorities of categories and countries, and govern execution of the sustainability strategy. At the local level, specific decision-making bodies are in charge of the translation of the health commitments and targets into specific and concrete procedures and rules.

The governance in place within Danone on health and nutrition topics is strengthened by the governance framework of the *Entreprise à Mission* status. The independent Mission Committee reviews and challenges the Group's roadmap and progress particularly on sustainability subjects such as health and nutrition.

Policies, action plans and outcomes

The Group aims to be part of the solution by offering consumers healthy products and by making it easier for consumers to find and choose healthier options.

Improving the nutritional quality of the portfolio through innovation and reformulation

The first lever is the product portfolio: the Group continually works to improve the nutritional quality of its products to offer consumers healthy and enjoyable options. Danone applies its rich heritage in yogurt and fermentation, plant-based expertise, healthy hydration, and specialized nutrition knowledge to continuously innovate and make products that are tailored to needs, tastes, food cultures and lifestyles.

Danone is committed to provide general population and patients with high nutrition quality products. Therefore, the primary focus is the healthiness of its overall portfolio, which is continuously improved through innovation and reformulation that is based on strict nutritional standards. In line with this ambition Danone monitors the following KPIs:

AMBITION	KPI MONITORED IN 2022	ACTIONS AND 2022 OUTCOMES
Provide general population and patients with high nutrition quality products	Volumes sold corresponding to healthy categories	In 2022, 91% of product volumes sold are in healthy categories, showing a slight increase compared to 90% in 2021. The remaining 9% corresponds mainly to low-sugar drinks and occasional indulgence categories.
	Volumes sold from products rated ≥3.5 stars by Health Star Rating (HSR)	In 2022, 88.0% of product volumes sold scored ≥3.5 stars according to the Health Star Rating system. According to this system, any product that scores 3.5 stars or above can be confidently promoted as a healthy choice (See 5.10 <i>Methodology Note</i> for more details about this system).
	Volumes sold from products scoring A or B in Nutri-Score	In 2022, 89.3% of product volumes sold were compliant with Nutri-Score A or B, stable relative to 89.3% in 2021 (see Health and Nutrition scope, in 5.10 <i>Methodology Note</i>). In this system, the score is translated into a color-coded symbol using letters: A and B are generally considered as having a healthy score (See 5.10 <i>Methodology Note</i> for more details about this system).
	Volumes sold without added sugars	In 2022, 82% of product volumes sold had no added sugars, in slight decrease compared to 83% in 2021.
	Volumes of Dairy and Plant-Based products directed at children with ≤ 10 g of total sugars /100g	The Group is closely monitoring the nutritional quality of its products directed at children. In 2022, 58% of the volume sold of the Group's Dairy and Plant-Based products directed at children between 3 to 12 year's old, are aligned with the World Health Organization's target of a maximum of 10g of total sugar per 100g.

In the latest Access to Nutrition global Index (ATNI), Danone was ranked first for the sub-category on Product Profile, recognizing the healthiness of the Group's portfolio in terms of nutritional quality of its products. Danone was also the only Group of the list to achieve the healthy threshold of 3.5 stars in HSR at portfolio level. At the same time, in 2022, Danone was confirmed as a member of the FTSE4Good Index calculated by FTSE Russell for the sixth consecutive year.

The Group has been working through the year in revising the standards and defining the scope and efforts that will be deployed to achieve the long-term objectives established as part of the *Entreprise à Mission* agenda. A particular focus will be put on the sugar content of the products targeting children, as Danone and the Mission Committee share the belief that the diets of these toddlers and children should be limited in sugars, and by reformulating their products, food companies have an opportunity to contribute

to reduce added sugars overconsumption. Objectives are set on the volume of products directed at young children and kids, with sugar content to be aligned with international standards set by the World Health Organization or the Codex.

Details of this work, including KPIs and targets, are disclosed in the 2022 Mission Committee Report.

Fostering healthier eating and drinking habits through transparent and informative labeling

The second lever is labelling: the Group aims to encourage better choices through transparent and informative labelling.

Danone believes that by providing transparent information through labelling, consumers and patients are empowered to make healthier choices. In line with this ambition, Danone monitors the following KPIs:

AMBITION	KPI MONITORED IN 2022	ACTIONS AND 2022 OUTCOME
Empower people to make informed food choices	Volumes sold providing nutritional information on the front of the packaging (FOP)	In 2022, 79.3% of Danone products displayed nutritional information on the front of their packaging (versus 97.0% in 2021). The decrease in this indicator is mainly explained by a larger reporting scope (see Health and Nutrition scope, in 5.10 <i>Methodology Note</i>).

As part of its long-term *Entreprise à Mission* objectives, the Group also aims to go one step further at empowering people to make healthy food choices by providing simple and science-based interpretative nutritional labeling for essential dairy, plant-based products and waters, either on their packaging or online.

Throughout the year, the Group has been working on further defining the scope, concrete procedures and rules that will be deployed to achieve the target. Details of this work are disclosed in the 2022 Mission Committee Report.

Focus – Accessible, affordable nutrition

As reflected in its purpose of “bringing health through food to as many people as possible”, Danone believes that accessible and affordable, nutritious food is a fundamental component of its strategy. As part of the Health pillar of its strategy, Danone aspires to foster inclusive growth for the most vulnerable partners in its value chain in collaboration with its social innovation funds.

The Group aims to expand healthy, affordable products to vulnerable groups based on targeted distribution models that make them more available. This can also be based or developed in partnership with local authorities and programs. For instance, in the United States, Danone North America offers many dairy and fortified soy products in school meal programs and through the food assistance WIC (Women, Infants and Children) program, and in 2022, as part of the White House Conference on Hunger, Nutrition, and Health, has committed to invest \$3 million by 2030 to improve access and affordability of nutrient-dense and health promoting products, especially for those in underserved communities through the support of the federal feeding programs (e.g., WIC, School Meals, and SNAP). In addition, Danone North America has worked closely with the White House, through Operations Fly Formula, and the Food & Drug Administration (US Department of Health and Human Services) to help address the formula shortage in the U.S. Danone significantly ramped up its production across its manufacturing

facilities and plans to export a total of ca 39 million 8-ounce bottle equivalents from across its brands into the US market, especially from *Aptamil* (Europe's #1 baby formula brand) and *Neocate*, specialized hypoallergenic medical foods, to supply retail shelves and medical distributors across the U.S.

In 2022, Danone continued to support the populations most affected by the successive sanitary or economic crises happening over the last 3 years. At the local level, this involved (i) studying the socio-economic pyramid and (ii) determining the right price positioning to make safe drinking water and healthy and nutritious food accessible. In 2022, 55% of Danone's entities had at least one healthy product in their portfolios targeting lower-income populations or a plan to expand access (see Danone Way scope, in 5.10 *Methodology Note*). For example, in Argentina, the brand *La Serenissima Clasico* was specifically designed to make the essential and core products more affordable to customers.

Danone also builds its strategy on innovative partnerships, with support from several of its social funds. These include (i) Danone Communities, which invests in equity in social businesses in three fields: access to safe drinking water, access to healthy local nutrition and access to sustainable food systems, and (ii) the Livelihoods Fund for Family Farming, which helps smallholders become more resilient and develop subsistence farming strategies that improve their diets.

ACTING BEYOND PRODUCTS TOWARDS HEALTHIER DIETS

Responsible communication

Definition

Danone's goal is to ensure responsible marketing and communications for all. In particular, it is committed to ensuring that its communications are honest, not misleading, and do not condone or encourage harmful or unbalanced behaviors with claims having a sound scientific basis to promote healthier habits.

Governance

Under the process described above, the General Manager of each subsidiary is responsible for ensuring that a specific process for approving communications at local level is in place and is properly implemented, involving relevant functions.

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

Danone's portfolio is mainly healthy. In 2022, 91% of the product volumes sold were considered in healthy categories: 89.3% were Nutri-Score A or B, and 88.0% scored more or equal than 3.5 stars, which is the healthiness threshold according to the Health Star Rating system. Therefore, the majority of Danone's marketing budget is spent on healthy products.

Danone is committed to the International Chamber of Commerce Framework for Responsible Food and Beverage Marketing Communications in all its marketing communications.

With regard to children under the age of 13, Danone applies the rules detailed in its Pledge on Marketing to Children (see Action Plans hereafter).

To ensure the greatest transparency and the highest level of compliance, Danone decided to embed its commitments at local level. In 2022, 79% of entities have monitored their compliance with the Marketing to Kids pledge or Breast Milk Substitutes pledge. If case of non-compliance, they have established a process to rectify their practices (see Danone Way scope, in 5.10 *Methodology Note*).

As a founding member of the EU Pledge, and a signatory to the International Food and Beverage Alliance's (IFBA) Global Policy on Responsible Marketing Communications to Children, Danone also participates in voluntary pledges at local levels, wherever such programs are compatible with the Danone Pledge. In most of the countries involved, compliance with this pledge is certified by an external agency.

To ensure operational monitoring of its commitments, an internal validation of communication policy, applicable to all Categories, has been developed to guarantee the conformity and scientific accuracy of the health and nutrition claims in Danone's communications.

Action plans

Responsible communication and marketing to children

The following principles apply globally to Danone marketing communications to children under the age of 13:

- Marketing communications directed to children below 13 years of age can only be for products that achieve the Danone Pledge Nutrition Criteria, which take precedence over any voluntary local standards that are less stringent. 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 on marketing to children (see Danone's website for more information);
- Danone uses its brands to promote healthy hydration habits and make plain water more appealing to children. It does not market its aquadrinks range to children under the age of 13;
- More generally, Danone is further committed to complying in all of its communications to consumers with the Codes of the International Chamber of Commerce (ICC) which includes no undermining of parental authority, no suggestion of a sense of urgency, no encouragement of pester power or unhealthy lifestyles and no misleading of children using fantasy.

The Danone Pledge principles and provisions constitute the foundation and the minimum requirements for Danone marketing communications to children under the age of 13. Local Danone commitments can go further: e.g. in Spain, Danone marketing communications directed to children below 13 years of age can only be for dairy products that meet the World Health Organization's (WHO) EU nutritional criteria for total sugar content.

Outcomes

In a 2022 audit conducted by Ebiquity for the EU Pledge in France, Germany, Italy, Poland and Spain, Danone's television advertising was found to be 98.6% compliant with the EU Pledge criteria.

In a 2022 audit conducted by IFBA in Colombia, Japan and South-Africa, Danone's television advertising was found to be 97% compliant with the IFBA Pledge.

In a 2022 audit conducted by Ebiquity for IFBA in Australia and Germany, Danone's digital advertising was found to be 100% compliant with the IFBA Pledge criteria.

Marketing of breast milk substitutes

Definition

Danone's mission of bringing health through food is at the heart of all its strategic choices. Danone recognizes that the right nutrition during a baby's first 1,000 days is crucial for its lifelong health, which is why the Group focuses on giving babies the best nutritional start in life. Breastfeeding is key for this, and like the World Health Organization (WHO) Danone believes that it must be protected and promoted. Danone offers breast milk substitutes to parents who cannot or choose not to breastfeed exclusively, notably by practicing responsible marketing. The Danone Policy for the Marketing of Breast-Milk Substitutes (BMS Policy) is the Group's minimum global standard and Danone follows local legislation whenever the latter is more demanding.

Governance

The ultimate responsibility for the implementation of this BMS Policy lies with the Chief Executive Officer ("CEO") of Danone S.A. The responsibility for the management, implementation and monitoring compliance with this Policy is delegated by the CEO of Danone S.A. to the President of Specialized Nutrition – who is a member of the Danone Executive Committee, and who delegates day-to-day responsibility for implementation and monitoring of this BMS Policy in the subsidiaries to the General Managers. Issues related to breast milk substitutes are under the responsibility of the Compliance Department within the Specialized Nutrition Category. This department reports to the Global General Counsel (Legal, Regulatory and Compliance) within the office of the General Secretary, ensuring independence from the operating teams.

Danone publishes an annual report detailing its compliance with the Danone Policy for the Marketing of Breast-Milk Substitutes. The Group is committed to doing better every year and everywhere it operates. It transparently reports its progress in responsible marketing of baby formula based on independent external assessments and its own monitoring.

Each year, this report, including the internal Annual BMS Summary report, is shared with Danone's relevant governance bodies and executive management teams, including the CSR Committee of the Board and the Board of Directors, the president of Danone Specialized Nutrition or and the Danone General Counsel.

Policies

Danone supports the 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 acknowledges the importance of the WHO International Code of Marketing of Breast milk substitutes and subsequent relevant World Health Assembly resolutions.

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

Whether working at global or local level, Danone supports (and does not undermine) the WHO's and other agencies' and governments' efforts to develop and implement the World Health Organization's International Code of Marketing of Breast Milk Substitutes (WHO Code) in national legislation.

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 on Danone.com. Additionally, the Group publishes an annual report on BMS Policy management and compliance, which includes:

- a summary of the external audits and checks for the previous year;
- alleged non-compliances with its BMS Policy framework;
- action plans to address such non-compliances.

Danone commits to effective communication and provision of training, including 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 further implemented in 2022. In 2022 the journey continued by introducing the mandatory e-learning on BMS Marketing targeted to Corporate Affairs, Public Affairs and the Communication team involved in BMS Marketing activities.

For the third-party stakeholders, such as retailers and distributors, a toolkit was created to increase the awareness around responsible marketing of baby formula, as well as an e-learning regarding responsible marketing of baby formula.

During 2022 Danone's internal auditing team also started using a new control specifically on the responsible marketing of baby formula: DANGO BMS-1 control.

Programs and partnerships to impact health

Danone believes that in order to effectively support consumer's and patients health, solutions and actions beyond providing healthier product portfolio are needed, ones that enable making healthy eating and drinking a commonplace. Supporting consumers in adopting healthy, sustainable eating and drinking behaviors requires collaborating with other organizations on projects and initiatives, and orchestrating a healthy diet ecosystem through a multi-stakeholder approach. This approach involves a variety of partners such as NGO, HCPs, researchers, dieticians, but also suppliers, retailers, cross-industry associations and institutions.

As part of this ambition, and in line with its *Entreprise à Mission* 2025 objectives, Danone is working on designing and implementing collaborative impact-projects. These are ambitious, innovative, socially-oriented projects that aim to develop a sustainable model for lasting impact, contribute to systemic change and create measurable positive health outcomes in the countries where they operate. Such

Outcomes

In 2022, 6,171 employees were trained on the BMS Policy (versus 5,858 in 2021). 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 Groupe now tracks only over the corresponding one-year (see section 5.10 *Methodology Note*). In 2022, 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.

In 2022, Danone was confirmed as a constituent member of the FTSE4Good Index Series calculated by FTSE Russell for the sixth consecutive year, FTSE4Good is a global responsible investment index series, measuring performance of companies across Environmental, Social and Governance practices. Danone has met the inclusion ESG criteria of about 200 indicators and about 25 specific BMS marketing indicators. Danone chooses to be in the index.

In 2022, Danone SA, a component stock of leading sustainability indexes scoring 68% under the ATNI BMS/CF Index 2021, was found to be meeting and exceeding the minimum B Corp threshold requirements of 55% for companies listed on the ATNI index as part of the new updated standards for companies involved in the Marketing of Breastmilk Substitutes which have been approved by B Lab's Standards Advisory Council.

At the end of 2022, 74.2% of all businesses of Danone S.A., in sales value, are covered by B Corp certification.

impact projects are co-created and implemented with independent expert organizations.

In 2022, Danone made a commitment to facilitate impact-projects under 2 public health themes:

- to support women's choice to breastfeed and
- to address iron-deficiency anemia.

These projects may be supported by Danone Ecosystem, via co-funding, project management and co-creation expertise as well as impact measurement to strengthen long-term systemic, social impact.

Throughout the year, the Group has been working on an internal mapping of existing impact projects as well as project plants, pilots and expansion prospects across geographies and setting up quantitative 2025 targets. Details of this work, including targets are disclosed in the 2022 Mission Committee Report.

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,

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).

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.

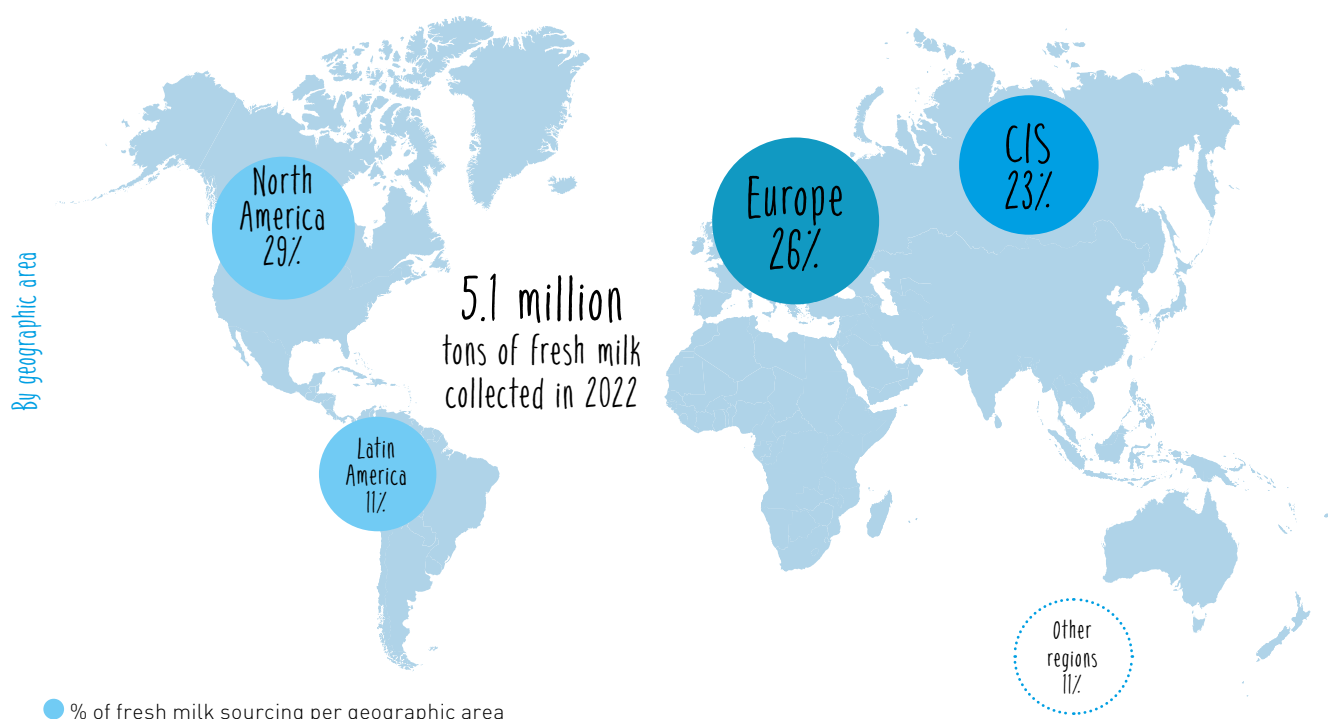
Danone has also implemented a code of conduct for internal use to prevent any risk of tax evasion: it defines the principles for action and the appropriate behaviors when dealing with the local authorities. Tax-related information and processes are also subject to internal audits.

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.

RESPONSIBLE SOURCING

Danone's direct sourcing of fresh milk



Sourcing strategy

Danone favors local sourcing of raw milk from more than 58,000 farms in around 14 countries, both directly and indirectly. Most of the milk sourced by the Group 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 larger family farms (with herds ranging from a few dozen to thousands of cows), which represent about 6% of the Group's suppliers and nearly 88% of milk volumes, the latter being generally directly collected by the Group.

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. In total 2,600 farms have already taken notice of the practices and taken action. Through the Sustainable Dairy Partnership, the Group 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 Essential Dairy and Plant-Based Category 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:** Since 2017, Danone has been conducting country-by-country assessments on 85% of its milk volumes using the Cool Farm Tool (CFT) worldwide (14 countries) and CAP2ER tool for all Danone entities in France. In 2022 Danone started the roll out of CFT assessments in Morocco, which will bring an assessment coverage from 85% to 92% of purchased milk volumes. The CFT was developed and is overseen by a multi-stakeholder coalition that includes food manufacturers, retailers, input suppliers, NGOs, and universities. The tool's strength lies in its global application, it is designed for continuous improvement;
- **animal welfare assessment tool:** launched in 2016 and now implemented in 15 countries (see section 5.3 *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);
- **Regenerative agriculture scorecard** (environmental pillar) (see section 5.3 *Regenerative Agriculture*).

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 *Regenerative Agriculture*).

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 2022, 44% of milk collected in Europe (36% in 2021) and 29% of milk collected in the United States (54% in 2021) came from producers with CPM contracts. Altogether, 23% of the milk Danone collects is covered by CPM contracts (26% in 2021).

5.7 STRATEGY AND OBJECTIVES

Building on the One Planet. One Health vision, and on years of active progress across geographies and categories, Danone defined a new set of priorities, part of its Renew strategy, around 3 pillars, Health, Nature and People & Communities.

For each pillar, Danone defines mid to long-term objectives with a focus on where the Group can deliver the most impact and value. Such priorities and objectives are listed below.

PROGRESS AND LEAD HEALTH THROUGH FOOD FOR CONSUMERS AND PATIENTS

Offer tastier and healthier food and drinks

- ≥ 85% vol of dairy, plant based, water and aquadrinks rated ≥ 3.5 stars by Health Star Rating, by 2025
- > 95% vol Kids dairy and plant-based ≤ 10g total sugars/100g by 2025
- > 95% vol toddlers milk (1-3yo) ≤ 1.25g added sugars /100kcal by 2025

Promote healthier choices

- 95% vol sold of dairy, plant-based and aquadrinks products with on pack/online interpretative nutritional information by 2025.

Provide positive nutrition & hydration for healthier life

- ≥ 85% vol Kids dairy fortified with relevant vitamins & minerals by 2025
- 5 projects to address iron deficiency in children by 2025
- 20 M people with access to safe drinking water by 2025

Invest in nutrition and hydration science and research

- 150 scientific publications in peer-reviewed journals and/or presentations at scientific conferences (from baseline of 2021) by 2025

PRESERVE AND REGENERATE NATURE

Curb GHG emissions in line with 1.5°C, leading the way on methane reduction

- CO₂ reduction by 2030 in line with 1.5°C SBTi:
 - Scopes 1 & 2 energy and industrial: -47.2% absolute emissions reduction between 2020 and 2030
 - Scopes 1 & 3 Forest, Land and Agriculture: -30.3% absolute emissions reduction between 2020 and 2030
 - Scope 3 energy and industrial: absolute emission reduction target of -42% between 2020 and 2030
- 30% reduction in methane emissions from fresh milk between 2020 and 2030
- 30% improvement in energy efficiency between 2022 and 2025
- Net Zero by 2050

Pioneer and scale regenerative agriculture, leading the way for regenerative dairy farming models

- 30% key ingredients we source directly will come from farms that have begun to transition to regenerative agriculture by 2025
- Zero deforestation and conversion on key commodities by 2025

Preserve and restore watersheds where we operate and drive water footprint reduction across the value chain

- 4R approach will be deployed in all production sites by 2030
- Watershed preservation and restoration plans in highly water-stressed areas by 2030^(a)

(a) 100% Danone production sites and 50% of key raw materials volume.

Drive the transition to a circular and low-carbon packaging system & recover as much as we use

- 100% reusable, recyclable, compostable by 2030
- Halve the use of virgin fossil-based packaging by 2040, with a 30% reduction by 2030, accelerating reuse and recycled materials
- Lead the development of effective collection systems to recover as much plastic as we use by 2040

Cut waste across the value chain

- Halve all food waste not fit for human, animal consumption or biomaterial processing by 2030 vs. 2020

THRIVING PEOPLE & COMMUNITIES

Make Danone a force for good by fostering a unique, diverse and inclusive culture and empowering Danoners for positive impact

- All employees covered by B Corp certification by 2025 ^(a)
- All employees covered by Dan'Cares by 2030
- Achieve gender balance in management globally by 2030
- Drive equity and close gender pay gap by 2025
- Maintain inclusion index above peers ^(b)

(a) over 95% of employees covered by certification, excluding M&A.

(b) measured through Danone People Survey.

Equip and empower communities (i.e. internal, external) with skills and capabilities of the future to thrive in fast changing economy

- Make future skilling programs available to all Danoners by 2025
- Extend future skilling programs to key partners by 2030

Champion a renewed social contract by fostering a prosperous & inclusive ecosystem, upholding human rights and pursuing social progress

- 100% employees trained on Danone's Human Rights Policy by 2025 ^(a)
- Danone Responsible Sourcing Policy deployed to all suppliers by 2030

(a) Enabling due diligence deployed in Danone operations.

5.8 APPLICATION OF THE EUROPEAN TAXONOMY TO DANONE'S ACTIVITIES

Context and consistency

Presentation of the European Taxonomy

Under European Regulation 2020/852 (the "Taxonomy" Regulation) on the establishment of a framework to facilitate sustainable investment in the European Union (EU), Danone is required to publish performance indicators for fiscal year 2022 for its entire financial consolidation scope. These indicators must show the share of its eligible net sales (turnover), capital expenditure ("CapEx") and operating expenditure ("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. For fiscal year 2022, the Group, in accordance with the delegated act "Article 8" of the Taxonomy adopted on June 6, 2021, publishes information on the level of eligibility and alignment of its sales (turnover), capital expenditure and operating expenditure in 2022.

An eligible activity will be considered aligned if it meets the technical criterion(criteria) of substantial contribution, does not significantly harm the other environmental objectives (Do No Significant Harm – DNSH criteria), and if the company complies with the minimum safeguards related to human rights, corruption, taxation and competition.

Assessment and methodologies

To satisfy these regulatory requirements, the Group has set up a working group that consists of members of the Finance Department, the Sustainable Finance Department and the business teams. The work of this team entailed analyzing the eligibility and alignment of the Group's activities, particularly on the basis of the Climate Delegated Regulation of June 4, 2021 and its annexes supplementing Regulation (EU) 2020/852, by specifying the technical criteria for determining the conditions under which an economic activity can be considered as contributing substantially to climate change mitigation or adaptation.

Assessment of the eligible and aligned proportion of financial indicators (sales, operating expenditure and capital expenditure)

The financial information used is taken from the Group's information systems (monitoring of capital expenditure and extracts from the consolidation system) following the year-end closing.

Sales (Turnover)

Since 2022, only the first two climate objectives are applicable. The European Commission has prioritized business sectors that contribute substantially to greenhouse gas emissions at the EU level. As the food and beverage sector is not currently covered by the Taxonomy Regulation with respect to the first two objectives, Danone's sales (turnover) are not eligible.

Operating expenditure ("OpEx")

The operating expenditure identified by the Group pursuant to the Taxonomy, as set out in 2022, concerns the following categories:

- non-capitalized research and development expenses, including associated personnel costs, restated for tax credits received during the period;
- upkeep, repair, maintenance and other direct expenses related to the day-to-day upkeep of property, plant and equipment.

The Regulation allows an exemption from disclosure if the OpEx referred to in the Taxonomy is not material; it was therefore decided to set a reasonable materiality threshold at 5% based on market practices and Danone's understanding of the Regulation. In 2022, the amount of Danone's OpEx as defined in the Taxonomy Regulation did not reach this threshold. It is therefore considered immaterial.

Capital expenditure ("CapEx")

Within the Group, eligible capital expenditure related to "individual measures", as defined by the Taxonomy Regulation, mainly includes the acquisition and long-term leasing of buildings (IFRS 16), as well as certain capital expenditure related to renewable energy and bioenergy. In accordance with the provisions of the Taxonomy, this capital expenditure corresponds to the following categories:

- 4.24 Production of heat/cool from bioenergy
- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- 7.3 Installation, maintenance and repair of energy efficiency equipment
- 7.6. Installation, maintenance and repair of renewable energy technologies
- 7.7. Acquisition and ownership of buildings

In 2022, this eligible capital expenditure totaled €212 million, relative to a total capital expenditure of €1,089 million. The aligned capital expenditure as defined in the Taxonomy Regulation amounted to €3 million.

To avoid any risk of double counting, the eligible and aligned amounts presented above relate only to the climate change mitigation objective. Moreover, the total capital expenditure can be reconciled based on Notes 6.5 and 10.2 of the consolidated financial statements.

Methodology for assessing activities against the alignment criteria

In order to assess the current alignment level of activities identified as eligible, the Group checked compliance with the technical screening criteria for a selection of material capital expenditure.

Substantial contribution technical criteria

In the case of acquisition of a building for which the building permit was filed prior to 2021, Danone referred to the Energy Performance statements of the buildings when available, or to the operational primary energy consumption to determine whether the buildings are among the top 15% of the most efficient buildings in terms of this consumption.

For all other capital expenditure, Danone checked the substantial contribution criteria, particularly for the production of heat/cool from bioenergy. The Group also verified the origin of the biomass and the reduction of greenhouse gas emissions.

Not significantly harm the other five objectives referred to in the taxonomy ("DNSH")

The Group carried out the work needed to check compliance with the DNSH criteria and, in particular, Danone checked compliance with the DNSH for climate change adaptation by conducting a local analysis of climate-related risks and vulnerability. This analysis showed that no significant sensitivity was identified for the target assets and, in fact, no financial impact was deemed substantial.

Verification of compliance with minimum safeguards (MS)

The Group satisfies the requirements of the minimum safeguards of the report of the Platform on Sustainable Finance (PSF) in terms of human rights, corruption, competition law and taxation.

Danone checked the absence of convictions related to all topics, as well as the implementation of procedures. For example:

- Danone mapped and prioritized risks related to human rights (see section 5.4 *People & Communities*, section *Responsible Sourcing and Human Rights for workers in the value chain*);

- Danone has an anti-corruption system in accordance with the Sapin II law (see section 5.6 *Responsible Business Conducts*, section *Responsible practices: ethics and integrity*);
- Danone considers the payment of tax to be an integral part of its Social, Environmental and Societal Responsibility (see section 5.6 *Responsible Business Conducts*, section *Responsible practices: ethics and integrity*);
- Danone makes its employees aware of the principle of free and fair competition (see section 5.6 *Responsible Business Conducts*, section *Responsible practices: ethics and integrity*).

Results

Summary of eligible and aligned activities ^(a)

(in € millions, except percentage)	2022		2021	
	Turnover KPI	CAPEX KPI	Turnover KPI	CAPEX KPI
Eligibility				
Numerator	0	212	N/A	N/A
Denominator	27,661	1,089	N/A	N/A
Eligibility rate	0%	19.5%	N/A	N/A
Alignment				
Numerator	0	3		
Denominator	27,661	1,089		
Alignment rate	0%	0.3%		N/A

(a) The results shown above relate only to the climate change mitigation objective.

There were no major changes in 2022 compared with the previous year:

- with respect to the first two objectives, Danone's sales (turnover) are not eligible;
- based on the analysis of OpEx eligibility, Danone is exempt from disclosure because of the non-materiality of OpEx as defined in the Regulation;

- as in 2022, the proportion of eligible activities represents approximately 19.5% of the total CapEx.

In accordance with the delegated act "Article 8" of the Taxonomy adopted on June 6, 2021 regarding the content and presentation of information to be disclosed, the three regulatory tables indicating the proportion of eligible and aligned activities for each indicator are published below.

Regulatory tables

Sales (Turnover)

Total Sales (Turnover) can be reconciled with the income statement of the 2022 consolidated financial statements.

SUBSTANTIAL CONTRIBUTION CRITERIA								
Code(s) ⁽²⁾	Absolute turnover ⁽³⁾ <i>[in € millions]</i>	Proportion of turnover ⁽⁴⁾ %	Climate change mitigation ⁽⁵⁾ %	Climate change adaptation ⁽⁶⁾ %	Water and marine resources ⁽⁷⁾ %	Circular economy ⁽⁸⁾ %	Pollution ⁽⁹⁾ %	Biodiversity and ecosystems ⁽¹⁰⁾ %
Economic activities ⁽¹⁾								
A. Taxonomy-Eligible activities								
A.1. Environmentally sustainable activities (Taxonomy-aligned)								
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N/A	0	0,0%					
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)								
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	N/A	0	0,0%					
Total (A.1 + A.2)	N/A	0	0,0%					
B. Taxonomy-non-eligible activities								
Turnover of Taxonomy-non-eligible activities (B)	27,661	100.0%						
Total (A + B)	27,661	100.0%						

[illegible]

Capital expenditure ("CapEx")

The total increases in CapEx can be reconciled with the 2022 consolidated financial statements, see Notes 6.5. and 10.2.

Economic activities ⁽¹⁾	Code(s) ⁽²⁾	Absolute CapEx ⁽³⁾	Proportion of CapEx ⁽⁴⁾	SUBSTANTIAL CONTRIBUTION CRITERIA					
				Climate change mitigation ⁽⁵⁾	Climate change adaptation ⁽⁶⁾	Water and marine resources ⁽⁷⁾	Circular economy ⁽⁸⁾	Pollution ⁽⁹⁾	Biodiversity and ecosystems ⁽¹⁰⁾
		(in € millions)	%	%	%	%	%	%	%
A. Taxonomy-Eligible activities									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Production of heat/cool from bioenergy	4.24	3	0.3%	100,0%	0%				
Installation, maintenance and repair of renewable energy technologies	7.6	0	0.0%	100, %	0%				
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		3	0.3%	100,0%	0%				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Acquisition and ownership of buildings	7.7	128	11.7%						
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	76	7.0%						
Installation, maintenance and repair of energy efficiency equipment	7.3	3	0.3%						
Installation, maintenance and repair of renewable energy technologies	7.6	2	0.2%						
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		209	19.2%						
Total (A.1 + A.2)		212	19.5%						
B. Taxonomy-non-eligible activities									
CapEx of Taxonomy-non-eligible activities (B)		876	80.5%						
Total (A + B)		1,089	100.0%						

NO SIGNIFICANT HARM CRITERIA (DNSH - Does Not Significantly Harm)										
Climate change mitigation ⁽¹¹⁾	Climate change adaptation ⁽¹²⁾	Water and marine resources ⁽¹³⁾	Circular economy ⁽¹⁴⁾	Pollution ⁽¹⁵⁾	Biodiversity and ecosystems ⁽¹⁶⁾	Minimum safeguards ⁽¹⁷⁾	Taxonomy-aligned proportion of CapEx FY2022 ⁽¹⁸⁾	Taxonomy-aligned proportion of CapEx FY2021 ⁽¹⁹⁾	Category (enabling activity) ⁽²⁰⁾	Category (transitional activity) ⁽²¹⁾
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
N/A	Y	Y	N/A	Y	Y	Y	0.3%	N/A		
N/A	Y	N/A	N/A	N/A	N/A	Y	0.0%	N/A		
							0.3%	N/A		



Operating expenditure ("OpEx")

The operating expenditure can be reconciled in the income statement of the 2022 consolidated financial statements.

SUBSTANTIAL CONTRIBUTION CRITERIA									
Economic activities ⁽¹⁾	Code(s) ⁽²⁾	Absolute OpEx ⁽³⁾ <i>(in € millions)</i>	Proportion of OpEx ⁽⁴⁾ %	Climate change mitigation ⁽⁵⁾ %	Climate change adaptation ⁽⁶⁾ %	Water and marine resources ⁽⁷⁾ %	Circular economy ⁽⁸⁾ %	Pollution ⁽⁹⁾ %	Biodiversity and ecosystems ⁽¹⁰⁾ %
A. Taxonomy-Eligible activities									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	N/A	0	0.0%						
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	N/A	0	0.0%						
Total (A.1 + A.2)		0	0.0%						
B. Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities (B) *		688	100.0%						
Total (A + B)		688	100.0%						

* Only OpEx targeted by the Taxonomy, of which €339 million in non-capitalized R&D costs.

NO SIGNIFICANT HARM CRITERIA (DNSH - Does Not Significantly Harm)										
Climate change mitigation ⁽¹¹⁾	Climate change adaptation ⁽¹²⁾	Water and marine resources ⁽¹³⁾	Circular economy ⁽¹⁴⁾	Pollution ⁽¹⁵⁾	Biodiversity and ecosystems ⁽¹⁶⁾	Minimum safeguards ⁽¹⁷⁾	Taxonomy-aligned proportion of OpEx FY2022 ⁽¹⁸⁾	Taxonomy-aligned proportion of OpEx FY2021 ⁽¹⁹⁾	Category (enabling activity) ⁽²⁰⁾	Category (transitional activity) ⁽²¹⁾
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T

5.9 VIGILANCE PLAN

5.9.1 Introduction

In accordance with Article L. 225-102-4 of the French Commercial Code, the Vigilance Plan aims to set out the reasonable measures of vigilance implemented within Danone to identify risks and prevent serious adverse impacts on human rights, health and safety and the environment resulting from the activities of the Company, the entities controlled by Danone (within the meaning of article L. 233-16 of the French commercial code) and its suppliers and subcontractors with which the Group maintains an established business relationship (the "Suppliers and Subcontractors"), i.e. mainly first tier and milk suppliers.

Elements of the Vigilance Plan are fully aligned with the Danone's values and were developed based on a dialogue with Danone's internal and external stakeholders, in line with Danone's integrated approach of sustainable profitable growth model, underpinned by greater alignment between purpose and performance.

The Vigilance Plan allows Danone to pursue its continuous improvement process, as well as to consolidate and strengthen Danone's proactive approach to deploying risk prevention and management processes. The Vigilance Plan is regularly reviewed and monitored by the Sustainability & Strategic Business Development, Cycles & Procurement, Quality and Food Safety, Security, Sustainable Finance, Legal and Human Resources Departments. Its progress is also regulatory reviewed by the Executive Committee.

The Vigilance Plan contains the following measures:

- risk mapping (identification, analysis, prioritization);
- procedures for regularly assessing the situation of subsidiaries and Suppliers and Subcontractors;
- appropriate actions to mitigate risks or prevent serious breaches;
- a mechanism for alerting and collecting alerts relating to the existence or occurrence of risks; and
- a system to monitor the measures implemented and assess their effectiveness.

The information below summarizes information related to Danone's Vigilance Plan which are more detailed in this chapter 5 (Social, Societal and Environmental Responsibility).

Detailed elements of the Vigilance Plan related to the environment (see section 5.2 *Nature*), to human rights (see section 5.4 *People & Communities*), and to the health and safety of people (see section 5.4 *People & Communities* and section 5.5 *Health*) can be found in sections 5.1 to 5.6. A description of our whistleblowing system is included in section 5.2 *Nature*, section Managing grievances and alerts related to raw materials, section 5.4 *People & Communities*, section Focus on Tier 1 suppliers other than milk farmers: RESPECT Program, Whistleblowing system, and in section 5.6 *Responsible business conduct*.

5.9.2 Risk mapping

Risk mapping of Danone's activities is supported by the materiality analysis, which allows to identify and classify the risks and opportunities in collaboration with internal and external stakeholders (for more details, see section 5.1 *Introduction*, section Materiality analysis to highlight main externalities).

It is also supported by a review of Danone of top non-financial risks, for the purpose of the Non-Financial information statement, originally performed in 2018, and still relevant in 2022 (for more details, see section 5.1 *Introduction*, section Risks identified in connection with Danone's Non-Financial information statement).

In addition, Danone implements specific risk analysis processes for certain risks:

- For human rights: in 2022, Danone concluded the salient human right impact assessment initiated in 2021 with the support of Shift, the leading center of expertise on the UN Guiding Principles on Business and Human Rights, and covering its operations as well as its value chain partners and suppliers (for more information, see in section 5.4 *People & Communities*, sections Respecting and promoting human rights in Danone's operations and Responsible Sourcing and Human Rights for workers in the value chain;
- Environment: Danone is analyzing the environmental impacts of its activities, through a series of dedicated approaches and partnerships, in the areas of climate change, plastic, forest, water, etc., and also through its environmental management system based on the international standard ISO 14001. Danone 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. 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 in section 5.2 *Nature*, section Environmental risk and management systems). Danone also conducts a specific analysis of deforestation risks under the Forest Footprint Policy updated in 2022 "Renewed Forest Policy 2022" (see in section 5.2 *Nature*, section Biodiversity);
- Health and safety of people: in addition to the salient human right impact assessment, which includes a health and safety assessment, the Human Resources Department has implemented the WISE² program, which is deployed at each entity, at the production sites and at the logistics warehouses for sales and distribution (see in section 5.4 *People & Communities*, section Workplace safety: the WISE² program). Within the RESPECT program, Danone also conducts, for Tier 1 suppliers (other than milk farmers), an analysis of geographic and sector-based risks for suppliers listed on the Sedex or Ecovadis platforms (see in section 5.4 *People & Communities*, section Regular evaluation procedures for Tier 1 in scope suppliers).

Based on these processes, the risks below have been identified:

	HUMAN RIGHTS	ENVIRONMENT	HEALTH AND SAFETY OF PEOPLE
Danone activities			
<i>Risks identified using the risk mapping methodology described above, and corresponding subsections of chapter 5, for description of risks, policies, key performance indicators and actions plan</i>	<ul style="list-style-type: none"> • Inclusive diversity – Ensuring that every employee feels included and respected (see section 5.4 <i>People & Communities</i>, section Inclusive Diversity) • External workforce human rights (mainly temporary workers) – Preventing the risk of human rights violations (see section 5.4 <i>People & Communities</i>, section Respecting and promoting human rights in Danone's operations) 	<ul style="list-style-type: none"> • Climate change – Fighting against climate change (see section 5.2 <i>Nature</i>, section Fight against Climate Change) • Circular economy • Developing circularity of packaging (see section 5.2 <i>Nature</i>, section Circular Economy) • Managing waste (see section 5.2 <i>Nature</i>, section Reducing food waste) • Preservation of Water resources / Water stewardship – Preserving and restoring wetlands and the natural water cycle (see section 5.2 <i>Nature</i>, section Preservation of the water resource) • Biodiversity/Sustainable farming – Encouraging transition to regenerative agriculture and protecting biodiversity (see section 5.2 <i>Nature</i>, section Biodiversity and section 5.3 <i>Regenerative Agriculture</i>) • Local and rural sourcing/ farmer development – Empowering new generations of farmers (see section 5.2 <i>Nature</i>, section Biodiversity and section 5.3 <i>Regenerative Agriculture</i>) 	<ul style="list-style-type: none"> • Product safety/quality – Ensuring quality and food safety (see 5.5 <i>Health</i>, section Ensuring quality and food safety) • Nutritional quality of overall product portfolio – Offering consumers healthy products (see 5.5 <i>Health</i>, section Offering consumers healthy products) • Food/water access and affordability – Expanding healthy and affordable products to vulnerable groups (see 5.5 <i>Health</i>, section Focus – Accessible, affordable, nutrition) • Employee security – Ensuring health and safety of employees (see section 5.4 <i>People & Communities</i>, sections Workplace Safety: the WISE² program, Health benefits – for employees and Employee security)
Activities of suppliers and sub-contractors			
<i>Risks identified using the risk mapping methodology described above, and corresponding subsections of chapter 5, for description of risks, policies, key performance indicators and actions plan</i>	<ul style="list-style-type: none"> • Human rights – Preventing the risk of human rights violations (see section 5.4 <i>People & Communities</i>, section Focus on Tier 1 suppliers other than milk farmers: RESPECT Program). 	<p><i>In addition to the environmental risks listed above:</i></p> <ul style="list-style-type: none"> • Responsible sourcing/ supply chain management – (see section 5.4 <i>People & Communities</i>, section Responsible Sourcing and Human Rights from workers in the value chain). 	<ul style="list-style-type: none"> • Health and Safety of workers in the supply chain – Preventing the risk of human rights violations (see section 5.4 <i>People & Communities</i>, section Responsible Sourcing and Human Rights from workers in the value chain).

5.9.3 Regular risk map-based evaluation procedures

The outcome of each policy and action plan adopted by Danone is regularly assessed, quantitatively in light of the main KPIs disclosed by Danone and qualitatively every year through the Danone Way program, a global self-assessment comprehensive program designed to evaluate continuous progress on the Group's sustainability agenda.

Such outcome is disclosed for each action plan detailed in section 5.2 *Nature*, 5.3 *Regenerative agriculture*, section 5.4 *People & Communities*, section 5.5 *Health* and section 5.6 *Responsible Business Conduct*.

In addition to these KPIs, the following evaluation procedures are conducted.

	HUMAN RIGHTS	ENVIRONMENT	HEALTH AND SAFETY OF PEOPLE
Danone activities	<ul style="list-style-type: none"> • Danone Way self-assessment including a human rights component covering temporary workers at Danone's operations • Guidelines and internal control referential for risks relating to temporary workers at the subsidiaries • In 2020, Danone committed to develop and deploy Human Rights Due Diligence (HRDD) systems focusing on forced labor in its own operations – In 2022, pilots were conducted in Poland and Brazil 	<ul style="list-style-type: none"> • Danone Way self-assessment • GREEN program: production site audits including water risk assessment criteria • Review of the water risk assessment for Danone's operations considering physical, regulatory and reputational risks using notably the Water Risk Filter tool 	<ul style="list-style-type: none"> • Danone Way self-assessment • Site-level risk assessment covering all people on site (Danone's employees and externals) • Tracking of workplace accidents covering all people on site (Danone's employees and externals) • Site-level WISE² audits covering all people on site (Danone's employees and externals) • Global Employees' Survey ("Danone People Survey"), covering all employees worldwide, assessing notably sustainable engagement and well-being in the workplace
Activities of suppliers and sub-contractors	RESPECT program, Danone's responsible sourcing due diligence program to assess its suppliers regarding sustainability and their compliance with Danone Sustainable Principles. It includes in scope tier 1 suppliers' self-assessment on Sedex or Ecovadis platforms and audit plans for highest risk and priority suppliers.		
	<ul style="list-style-type: none"> • <i>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 Sedex Members Ethical Trade Audit ("SMETA") 4 pillar methodology</i> • <i>Social pillar of Regenerative Agriculture Framework developed</i> 	<ul style="list-style-type: none"> • <i>The Tier 1 supplier SMETA 4 pillar audit methodology includes environmental controls</i> • <i>The Aqueduct water risk tool to assess the water risks for Danone's main 69 ingredients from its supply chain</i> • <i>Regenerative Agriculture survey – environmental pillar – focusing on soil health, biodiversity and water started to be implemented</i> • <i>Animal Welfare tool to support and assess tier 1 suppliers of raw milk</i> 	<ul style="list-style-type: none"> • <i>The Tier 1 supplier SMETA 4 pillar audit methodology includes Health and Safety controls</i> • <i>Social pillar of Regenerative Agriculture Framework developed</i>

5.9.4 Appropriate measures for risk mitigation and prevention of serious breaches

The measures implemented by Danone to mitigate risks and prevent serious breaches include:

- establishing policies and actions plans detailed in this Chapter 5 (Social, Societal and Environmental Responsibility);
- engaging, raising awareness and training employees;
- engaging suppliers on the sustainability agenda of Danone, including asking acceptance and adherence of suppliers to Danone Code of Conduct for business partners, Danone Sustainability Principles and sustainability contractual clauses;
- engaging and collaborating with value chain partners, academics, NGOs and key other external stakeholders;
- conducting regular audits and investigations; and
- providing remediation support from dedicated experts.

Danone employees are of course engaged in Danone's sustainability journey to understand, lead by example and report any risks, through trainings (such as e-learnings), the Danone Code of Business Conduct,

Danone Sustainability Principles and Implementation note for Danone and employees – see section 5.6 Responsible business conduct.

Danone also 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 Consumer Good Forum's priorities. The RESPECT team developed a four module e-learning course covering the fundamentals of the program, which was 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. Additional trainings on human rights have been developed for employees as mentioned below.

With respect to its Suppliers and Subcontractors, Danone has developed a Code of Conduct for business partners, Danone Sustainability Principles and Implementation note for Business Partners (updated in 2022), included in supplier contracts through sustainability contractual clauses – see section 5.6 *Responsible business conduct*.

In addition, the following measures for risk mitigation have been taken for each category of risks:

	HUMAN RIGHTS	ENVIRONMENT	HEALTH AND SAFETY OF PEOPLE
Danone activities	<ul style="list-style-type: none"> • Danone's 2022 Human Rights Policy (see section 5.4 <i>People & Communities</i>, section Respecting and promoting human rights in Danone's operations) • Agreements between Danone and the International Union of Food Workers (IUF) • Global External Workforce Policy and related guidelines, described in section 5.4 <i>People & Communities</i>, section Respecting and promoting human rights in Danone's operations • Engagement and capacity building of human resources, procurement and Sustainability managers worldwide through "Human Rights Community Networking Calls" and while communicating on related internal control and Danone Way guidelines • E-learning training on human rights and forced labor • Pilot of CGF Human rights Due Diligence self-assessment framework in Poland and Brazil 	<ul style="list-style-type: none"> • Actions plans taken under Danone's policies: Danone's Climate Policy, Packaging Policy, Water Policy, Forest Footprint Policy, Palm Oil Policy, Soy Policy, Paper and Cardboard Packaging Policy, Regenerative Agriculture program, which are detailed in section 5.2 <i>Nature</i> and section 5.3 <i>Regenerative Agriculture</i> • Appropriate mitigation plans in connection with the various tools and programs that have been rolled out (including GREEN and ISO 14001) 	<ul style="list-style-type: none"> • Actions plans taken under Danone's global social policies which are described in section 5.4 <i>People & Communities</i>, in particular in the following sections: Inclusive Diversity, Workplace Safety: the WISE² program and Employee Security • Proactive risk mitigation plans under the WISE² program and the related audits • Systematic in-depth incident investigation to identify deviations related to Danone's standards or needs to upgrade them

Activities of Suppliers and Sub-contractors	<p>RESPECT program: remediation support from dedicated experts to support suppliers develop their corrective action plan following SMETA audits findings on Tier 1 suppliers.</p> <p>Raw materials: certifications (FSC, RSPO, RTRS, Proterra, etc.) – See section 5.2 Nature, section Biodiversity / Action plans and outcomes.</p> <p>Supplier engagement and interactions with partners within platforms and coalitions (including POIG, SASPO, RSPO, AIM Progress, CGF, SAI Platform) or collaborative projects – See section 5.2 Nature, section Biodiversity / Action plans and outcomes and section 5.4 People & Communities, section Regular evaluation procedures for Tier 1 in scope suppliers.</p>
	<ul style="list-style-type: none"> • <i>Cost Performance Model (CPM) contracts with milk suppliers described in section 5.6 Responsible Business Conduct, section Cost Performance Model</i> • <i>Training and engagement of RESPECT champions and buyers on the program</i> • <i>Appropriate plans in connection with the Cool Farm Tool (Specific tool dedicated to the estimation of greenhouse gas emissions from cattle described in section 5.6 Responsible Business Conduct, section Responsible sourcing and in section 5.10 Methodology Note, section Scope 3, greenhouse gas emissions) and the Animal Welfare tool (Danone has developed an animal welfare tool aimed at achieving better conditions for all animals in the supply chain, described in section 5.2 Nature, sections Scope 3 greenhouse gas emissions and regenerative agriculture)</i> • <i>Actions plans taken under Danone's policies: Danone's Climate Policy, Packaging Policy, Water Policy, Forest Footprint Policy, Palm Oil Policy, Soy Policy, Paper and Cardboard Packaging Policy, which are detailed in section 5.2 Nature and section 5.3 Regenerative Agriculture program</i> • <i>In particular Danone is engaged into co-developing efficient and inclusive collection and recycling systems, through a collaborative approach with its ecosystem – See section 5.2 Nature, section Circular Economy</i> • <i>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's employee safety performance – please see section 5.4 People & Communities, section Workplace safety: the WISE² program for further detail</i>

5.9.5 Whistleblowing system

Danone has a clear whistleblowing policy and system, namely the "Danone Ethics Line", as part of its Compliance Framework policy which encourages all employees and third parties, anonymously if necessary, to speak up to raise a concern of any wrongdoing. The Danone Ethics Line enables whistleblowers to report suspected human rights, environmental, health & safety, and business ethics violations. The reporting process was developed in consultation with employee representatives and ensures that whistleblowers are protected. The Danone Ethics Line was upgraded in 2022 and is now available to anyone to access via the internet or via a phone line and is available in 52 languages.

Any employee raising a concern in good faith will not be retaliated against. 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 internal intranet site. A link to the Danone Ethics Line is also available on the 'Contact Us' section of www.danone.com.

Suppliers and any other third party, including workers and any external stakeholders, can also use the Danone Ethics Line to report their concerns, anonymously if needed, about any violation of the

Code of Business Conduct, Danone Sustainability Principles or any of Danone's compliance or complimentary policies, 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, analyses of substantiation are conducted and, if relevant, investigations, 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.

For more information related to Danone Ethics Line, please refer to section 5.4 *People & Communities*, section Focus on Tier 1 suppliers other than milk farmers: RESPECT Program, Whistleblowing system, and section 5.6 *Responsible business conduct*. In addition, since 2019, Danone has implemented a grievance and alert mechanism for palm oil, with the support of the Earthworm Foundation. Currently this mechanism is also being extended to other commodities. For more information, please refer to section 5.2 *Nature*, section Managing grievances and alerts related to raw materials.

5.9.6 Monitoring of measures and assessment of their effectiveness

For each risk identified in the context of the Vigilance Plan and more generally in its risks approach, Danone has identified clear KPIs to assess the impact and effectiveness of its policies and actions.

These KPIs are detailed in this Chapter 5 (social, societal and environmental responsibility).

More generally, the main monitoring processes are described in the table below.

	HUMAN RIGHTS	ENVIRONMENT	HEALTH AND SAFETY OF PEOPLE
Danone activities	<ul style="list-style-type: none"> Tracking of each actions plan's outcome Tracking of Danone Way results and deployment of additional educational content and improvement assistance including the human rights component. In 2022, 100% of entities have been assessed on their human rights respect processes focusing on temporary workers [see section 5.10 <i>Methodology Note</i>] Tracking of RESPECT program and Human Rights training attendance 	<ul style="list-style-type: none"> Tracking of environmental performance indicators and outcome of action plan Audits based on the environmental risks. In 2022, 123 sites have been audited in connection with Danone's environmental risks, through GREEN audit program 	<ul style="list-style-type: none"> Tracking outcome of each action plan Monthly management of safety performance at all levels of the organization and tracking of workplace accidents Audits to measure the effectiveness of the WISE² program In 2022, a total of 41 entities assessed their compliance with Danone's global health and safety processes via Danone Way program [see section 5.10 <i>Methodology Note</i>]
Activities of suppliers and sub-contractors	<ul style="list-style-type: none"> Tracking of RESPECT program performance indicators (KPI 1 [suppliers' registration rates on Sedex or Ecovadis], KP2 [annual audit plan completion], KP3 [audit closure rate]) – see section 5.4 <i>People & Communities, Focus on Tier 1 suppliers other than milk farmers: RESPECT Program</i> Tracking of milk volumes covered by CPM contracts (These long-term contracts, known as CPMs [Cost Performance Models], take into account production costs in the determination of the price of milk and are established with the farmers or their organizations) Improved traceability and certification coverage of priority ingredients 	<ul style="list-style-type: none"> Tracking of RESPECT program performance indicators Performance monitoring using the Cool Farm Tool and the Animal Welfare tool Improved traceability of priority ingredients Regenerative agriculture scorecard to support and assess the improvement of farmer's practices in regard to regenerative agriculture Partnerships with suppliers to reduce our carbon footprint 	<ul style="list-style-type: none"> Tracking of RESPECT program performance indicators

5.10 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, 2022 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	<p>In 2022, 178 production sites were included in the scope considered for FSSC 22000 certification. These sites correspond to the production sites for all of Danone's Categories and do not include the production sites of co-manufacturers and suppliers.</p> <p>In 2022, 171 production sites were included in the scope considered for internal audit. These sites are included into a the 3-years audit plan</p>
Total Headcount Social Indicators	<p>In 2022, 128 entities representing 99.9% of Danone's total headcount reported social indicators. This rate may vary depending on the types of social indicators reported (see <i>Information regarding methodologies</i>).</p>
Safety	<p>In 2022, 73 entities representing approximately 99.9% of Danone's total headcount reported safety-related indicators.</p> <p>In addition, the safety data of subsidiaries removed from the consolidation scope as of December 31, 2022 is reported up to the date of their deconsolidation but is not included in the headcount as of December 31, 2022.</p>
Production Site Environment	<p>Danone monitors the environmental performance of its production sites using an operational control approach. In 2022, 174 Danone production sites, representing more than 99% of total production, reported environmental indicators.</p> <p>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.</p>

Greenhouse Gas Emissions (GHG)

The Group's total GHG inventory consists of greenhouse gas emissions within the scope of responsibility:

- 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, and the direct emissions in farms owned by Danone (3 countries);
- 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;
- 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.

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 energy and industrial 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 Group's value chain.

Scope 3 emissions:

- upstream emissions (physical flows entering the plants) covered a scope representing approximately 99% of Danone's production volumes in 2022;
- downstream emissions (physical flows exiting the plants) covered a scope representing approximately 99% of Danone's sales volumes in 2022.

Only scope 1 and scope 2 emissions are calculated for the Danone Proviva AB (EDP, Sweden) and Danone Iran (EDP, Iran), entities.

Within the Specialized Nutrition Category, scope 3 emissions for about 10 sales entities, located mainly in Europe and in Africa, were excluded from the scope 3 emissions reporting scope in 2022.

Science-Based Target (SBT)	<p>In terms of reporting entities, the SBT scope of the reporting year is identical to the greenhouse gas emissions Scope.</p> <p>In terms of emission categories, the SBT scope does not include:</p> <ul style="list-style-type: none"> • The indirect emissions linked to the use of sold products at home by consumers, that are included in the Greenhouse Gas Emissions scope. • The emissions linked to the storage in retailers' distribution centers and retailers' stores, that are included in the Greenhouse Gas Emissions scope and were reported in the use of sold products category until 2021, and are reported in the downstream transportation and distribution emission category from 2022 to increase compliance with the GHG Protocol. <p>The three 1.5°C near term science-based targets are monitored on the SBT scope as follows:</p> <ul style="list-style-type: none"> • Scope 1&2 energy and industrial: scope 1&2 emissions of factories, vehicles and distribution centers including CH₄ and N₂O biogenic emissions, but excluding FLAG scope 1 emissions of the 3 farms owned by Danone. • Scope 1&3 FLAG: scope 1 FLAG emissions of the 3 farms owned by Danone, and scope 3 emissions of purchased goods and services for milk, dairy ingredients and other raw materials. • Scope 3 energy and industrial: scope 3 emissions for purchased goods (packaging and manufacturing), fuel-and energy-related activities, upstream transportation and distribution, waste generated in operations, downstream transportation and distribution (excluding emissions linked to the storage in retailers' distribution centers and retailers' stores) and end of life treatment of sold products. <p>In case of a material change in the consolidation scope, or material changes in carbon accounting methods, the recalculation rules defined by Danone in compliance with the GHG Protocol and the Science Based Targets Initiative standards will be applied and the 2020 baseline of the science-based targets would be updated once validated by the Science Based Targets Initiative.</p>
Packaging	<p>In 2022, 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 Category 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.</p>
Health and Nutrition	<p>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. In 2022, 79 entities representing 90% of consolidated sales reported health and nutrition indicators (81% in 2021).</p>
Danone Way	<p>In 2022, 129 entities conducted a Danone Way self-assessment, representing 97.3% of Danone's consolidated sales (98.3% in 2021). This coverage rate excludes EDP Belarus, EDP Russia, SN Russia, Aqua d'Or (Waters, Denmark), Waters Brazil and FanMilk entities in Africa.</p> <p>This program also covers 90.6% of Danone's total headcount</p>

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 2022 data has been restated using the same consolidation scope and constant methodology as that of 2021.

DEFINITION OF THE CATEGORIES

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 Sustainable Finance 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 Category 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, 2022. Lastly, health and nutrition data are checked at the subsidiary level and then at the Category 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 SPHERA, Danone's safety data consolidation system.

Environmental indicators

The Sustainable Finance Department is responsible for environmental indicators of production sites and GHG 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 fourth year that scope 3 greenhouse gas emissions data, including packaging data, were reported using this same tool.

Health and nutrition indicators

The Sustainable Finance Department and the Health Strategy and Partnerships Department are responsible for the health and nutrition indicators.

Health and nutrition data is reported by the scorecard owners at each subsidiary through a system of standardized forms, which are then consolidated to calculate the global indicators. Entities report volume sales for the period of reference (October 1st 2021 to September 30th 2022 included). Product data is generated by reporting entity-specific systems, then consolidated and verified by central Research & Innovation team. Data on volumes are generated by Danone's financial information consolidation software. This information and the one on consumer's programs are reported by scorecard coordinators at each subsidiary using an online tool (UL PURE).

All indicators for the Health & Nutrition reporting are volume weighted. It excludes all exported volumes, non-food products, private labels (products manufactured for a non-Danone company) and sprays (for the Water activities). All figures are calculated on volumes of products as consumed. A conversion factor is applied when needed (i.e. for a powder product what is counted is the "reconstituted" volumes it means powder added with a liquid). It concerns mainly the products from the Specialized Nutrition business

Danone Way indicators

The Sustainable Finance Department is responsible for Danone Way, a qualitative program which guides subsidiaries toward sustainable growth 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 UL 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).

Until 2021, employees on long-term leave (more than nine months) were not counted in the total headcount at the end of the reporting period. From 2022, definition of headcount has been slightly revised to include only "active" headcount. This can be defined as headcount not in suspended contract, unpaid leave or garden leave (predeparture period mainly linked with Local First plan); at the end of 2022, around 1,300 employees were in one of these situations.

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 2022, that was the case for Hunan Eurbest Nutrition Food Co., Ltd (Seagreen) (China) for a total headcount of 94 people, i.e. 0.1% of total headcount.

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, 2022.

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, 2022.

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. (United States) and Danone Inc. (Canada), Kasdorf (Argentina), and SALUS (Waters, Uruguay). In Brazil, according to labor legislation, leadership positions as well as specialists, external positions or interns are exempted from time control and thus not included in absenteeism scope. Nutricia Bago Argentina Baby (Argentina) subsidiaries is not included in the scope.

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

Number of Danone's employees who completed the mandatory e-learning on compliance

This indicator is calculated on the part of employees who have access to a laptop and is excluding Ukraine entities in 2022.

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 Group 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.

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 Group 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 energy and industrial) are calculated by applying global warming potentials and emissions factors to the activity data:

- the global warming potentials used for methane (CH₄) and nitrous oxide (N₂O) as well as the impact of fugitive emissions of refrigerants correspond to data in the IPCC Sixth Assessment Report (AR6), Climate Change 2022. 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 (2022 publication of energy mixes in 2020);

- the factors used for heating and steam are from the UK Department for Business, Energy and Industrial Strategy' (BEIS) 2021 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 factors used for CH₄ and N₂O biogenic emissions linked to the combustion of biomass and biofuel are from the UK Department for Business, Energy and Industrial Strategy (BEIS) 2022 publication. Despite those scope 1 emissions being immaterial to Danone's GHG inventory, they were included in 2022 and retroactively in 2021 and in 2020 (baseline of our science-based targets), to increase completeness of our GHG inventory.

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 fifth year that the Group has used the emissions factors from the Cool Farm tool to calculate emissions for milk used in products, which accounted for 32.3% of Danone's emissions in 2022. 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 (IDEL). By default, Danone uses the FAO's 2022 emissions factors for countries outside of France where the Cool Farm tool has not been implemented.

This is the fifth year that, in order to calculate emissions for dairy ingredients, which accounted for 18.3% of Danone's emissions in 2022, the Group 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 2022 emissions factors are used for suppliers for which these emissions factors are not available.

For milk, Danone had access end of 2022 to the beta version of the new release of the Cool Farm tool that allows for the disaggregation of emissions and removals. However, Danone decided not to publish this year its 2021 and 2022 emissions with this new disaggregation as it is not the final release of the tool. As such, the published values for 2021 & 2022 are "net" values (the sum of FLAG emissions and FLAG removals), for the milk collected from farms in countries where Cool Farm tool is implemented.

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

In 2022, in order to increase the compliance with the GHG Protocol at GHG category level:

- Danone recategorized as scope 1 FLAG the emissions linked to the milk production in the 3 farms owned by Danone in Egypt, Morocco and Russia that were previously reported as scope 3 emissions of milk purchases
- Danone recategorized as downstream transportation and distribution emissions the emissions linked to the storage in retailers' distribution centers and retailers' stores, that were reported in the use of sold products category until 2021.

In order to ensure comparability between 2021 and 2022 for each GHG emission category, the 2021 emissions presented in this report were also recategorized.

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 8% of total quantities of waste produced at production sites in 2022, 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 Category 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 Category 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 corresponds to:

- Dairy and plant based products intended for daily consumption,
- Specialized Nutrition Category 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),
- All plain waters and flavored waters with 0% sugar.

Percentage of volumes sold from products rated ≥ 3.5 stars by Health Star Rating (HSR)

This percentage is calculated for the Essential Dairy and Plant-Based and Waters Categories. HSR algorithm considers negative components of the products that could potentially increase some health risks such as energy, saturated fat, sodium and total sugars. It also considers positive components of a product such as the content of fruits, vegetables, nuts, legumes; in some instances, dietary fiber and protein. Taking these components into account, points are allocated based on the composition per 100g or 100 mL of the product. Products are rated between 0.5 stars (least healthy) to 5 stars (most healthy). According to this system, any product that scores 3.5 stars or above can be confidently promoted as a healthy choice.

Percentage of volumes sold from products scoring A or B in Nutri-Score

This percentage is calculated for the Essential Dairy and Plant-Based and Waters Categories. The Nutri-Score is calculated using the nutritional data listed on the package for 100g /100 ml of the product. The score considers the content of:

- Elements to promote: fruits, vegetables, pulses, nuts and rapeseed, walnut and olive oils, protein and fibres. Nutrients and ingredients to promote (fibre, protein, fruits, vegetables, legumes, nuts, rapeseed, walnut, and olive oil),
- Elements to limit: calories, sugars, sodium, and saturated fatty acids.

The overall score for a food is found by subtracting the total number of favorable points from the total number of unfavorable points. After calculation, the score obtained by a product allows to assign a letter and a color.

More information on the methodology guidance to calculate Nutri-Score, see this website: www.santepubliquefrance.fr

Percentage of volumes sold without added sugars

This percentage is calculated for all product categories in the Essential Dairy and Plant-Based, Waters and Specialized Nutrition Categories. Medical nutrition products are excluded. The products included in this indicator are those whose added sugar content is less or equal to 0.5 grams. The threshold of 0.5g is set for calculation and reporting purposes to avoid overestimation.

All entities are expected to report in accordance to the Danone point of view on sugars. In countries where there is a specific legal contradiction to this document, the entity must follow the local legislation.

Percentage of volumes of Dairy and Plant-based products directed at children with ≤ 10 g of total sugars /100g

This indicator monitors all products in the Essential Dairy and Plant-Based portfolio specifically designed and/or primarily appealing to children (3- 12 years). Designed and/or appealing to children, means that the product is positioned in kids' shelves (physical or e-commerce); bearing claim(s) addressed to parents, for their kids (e.g. "for school snacks", "nutrients needed for bone growth"); with childish characters/licensing/mascots, naive design; games/toys; or directly advertised to children in communications (physical or digital).

Percentage of volumes sold providing nutritional information on the front of the packaging (FOP)

This percentage is calculated for the categories Essential Dairy and Plant-Based and Aquadrinks. It excludes countries where regulations prohibit the publication of this information, as well as countries where there is an ongoing public debate on the choice of an appropriate front-of-pack labeling scheme).

All subsidiaries must follow the Danone Corporate guidelines explaining which front of pack icons and logos can be used and giving rules for their implementation. All volumes distributed in the away from home channel (canteens, restaurants, ...) are assessed as they are when they leave the Danone plant, knowing that the final

presentation to the consumer is not under the control of Danone, and that, in that final presentation, the nutritional labeling may disappear: products can be presented by the restaurant in single pots without the initial cardboard wrapping, or (for bulk products) transferred to another container.

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 Category who were trained on Danone's policy on the marketing of breast milk substitutes over a one-year period.

5.II REPORT BY THE INDEPENDENT THIRD PARTY ON THE CONSOLIDATED NON-FINANCIAL STATEMENT INCLUDED IN THE MANAGEMENT REPORT

This is a free translation into English of the independent third party 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.

For the year ended December 31st, 2022

To the Shareholders,

In our capacity as independent third party, member of Mazars Group, statutory auditor of Danone (hereinafter the "Entity"), and accredited by COFRAC Inspection under number 3-1058 ^(a), we have performed work to provide a reasoned opinion that expresses a limited level of assurance on the historical information (observed and extrapolated, hereinafter the "Information") of the consolidated non-financial statement (hereinafter the "Statement"), prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), for the financial year ended December 31st, 2022, presented in the management report of the Entity, in application of the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the Commercial Code.

(a) scope of accreditation available on www.cofrac.fr.

Conclusion

Based on the procedures we performed, as described in the "Nature and scope of our work" and the evidence we collected, nothing has come to our attention that causes us to believe that the Statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Preparation of the Statement

The lack of a commonly used framework or established practice on which to base the assessment and evaluation of information allows for the use of alternative accepted methodologies that may affect comparability between entities and over time.

The Information has been prepared in accordance with the Guidelines, the main elements of which are presented in the Statement.

Restrictions due to the preparation of the Information

The Information may contain inherent uncertainty about the state of scientific or economic knowledge and the quality of external data used. Some of the information is dependent on the methodological choices, assumptions and/or estimates made in preparing the Information and presented in the Statement.

The Entity's responsibility

The Board of Directors is responsible for:

- selecting or setting appropriate criteria for the preparation of the Information;
- preparing the Statement with reference to legal and regulatory requirements, 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 said policies, including key performance indicators where applicable: and also, the Information required by Article 8 of Regulation (EU) 2020/852 (EU Taxonomy);
- and implementing internal control procedures deemed necessary to the preparation of information, free from material misstatements, whether due to fraud or error.

Responsibility of the independent third party

Based on our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of 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.

As it is our responsibility to express an independent conclusion on the Information prepared by management, we are not authorized to be involved in the preparation of such Information, as this could compromise our independence.

This is not our responsibility to express an opinion on:

- the Entity's compliance with other applicable legal and regulatory requirements (in particular with regard to the information required by Article 8 of Regulation (EU) 2020/852, the French duty of care law and anti-corruption and tax evasion legislation);
- the fairness of the information n required by Article 8 of Regulation (EU) 2020/852;
- the compliance of products and services with applicable regulations.

Regulatory provisions and applicable professional standards

The work described below was performed with reference to the provisions of articles A. 225-1 *et seq.* of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000 (revised).

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and the professional doctrine of the French National Association of Auditors.

Means and resources

Our work was carried out by a team of 15 people between September and February and during 25 weeks. We conducted around thirty interviews with the people responsible for preparing the Declaration, representing in particular the CSR, compliance, human resources, health and safety, health & nutrition, environment, quality and purchasing departments.

Nature and scope of our work

We planned and performed our work considering the risks of significant misstatement of the Information.

We estimate that the procedures we have carried out in the exercise of our professional judgment enable us to provide a limited assurance conclusion:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, when 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 avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including when relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including 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 and presented in Appendix 1; concerning certain risks related to social dialogue, business ethics, sustainable supply chain, product quality and safety and climate transition, our work was carried out at consolidation level, for the others risks, our work was carried out at consolidation level and entity level;
- we verified that the Statement covers the scope of consolidation, *i.e.*, all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures implemented by the Entity and assessed the data collection process 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 Appendix 1, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, 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, in Appendix 2, and covers between 14% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities

We are convinced that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

French original signed by: Independent Verifier,

Mazars SAS

Paris-La Défense, March 7, 2023

Gonzague SENLIS
Associé

Tristan MOURRE
Associé RSE & Développement Durable