

TAX TRANSPARENCY REPORT 2021



DANONE
ONE PLANET. ONE HEALTH

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CONTEXT & CHALLENGES

DANONE is proud to publish its first report related to tax transparency.

The last few years have witnessed increased attention from media, public and non-governmental organizations on the sustainability of large multinational' financial disclosures and policies, including on the transparency of their tax reporting. With governments around the world being increasingly concerned to receive their fair share of taxes, the bar on responsible corporate tax practices is being raised at a pace never seen before. DANONE, as a company committed to doing its part to build a fairer and more sustainable society, is aspiring to respond to these expectations.

On March 25th, 2021, we joined a group of companies endorsing the B TEAM responsible tax principles as a blueprint to evolve its own tax policies and practices while advocating for a fair and sustainable global tax system. Our company already started its tax transparency journey in 2016 with the publication of its tax policy. The internal tax code of conduct, implemented across all geographies, also ensures that Danone's tax practices align with this policy. In bringing this policy to life, we have also begun reporting our yearly tax contribution on a worldwide basis.

Danone's endorsement signals the importance of responsible tax behavior as a crucial part of a sustainable way of doing business. We are consequently working towards a full B Corp certification by 2025 for all its consolidated entities. A commitment that holds the company accountable to all stakeholders. Guided by that mindset, Danone's move to endorse the B TEAM Tax Principles also reflects the growing need for companies to respond to shifting expectations from policymakers, NGOs and more. Adopting these Tax Principles is an important step in Danone's commitment to establish a new and ambitious standard on corporate tax behavior.



Jürgen ESSER
Chief Financial,
Technology and Data Officer



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KEY FINANCIAL FIGURES

€24.3 bn

+ 3.4% (a)

SALES

13.7%

- 30 bps (b)

RECURRING OPERATING MARGIN

€2.5 bn

FREE CASH FLOW

€1.94

DIVIDEND PER SHARE

€3.31

- 1.1% (b)

RECURRING EPS

27.5%

RECURRING ETR

3.0X

NET DEBT/ EBITDA

AAA (c)

FOR THE 3RD YEAR IN A ROW, ONE OF THE ONLY 14 COMPANIES WORLDWIDE OUT OF THE NEARLY 12,000 COMPANIES SCORED

62%

OF SALES COVERED BY B CORP™ CERTIFICATION

(a) Like-for-like
(b) On a reported basis
(c) Scores obtained as part of the CDP Climate change, CDP Water security and CDP Forets questionnaires



KEY FINANCIAL FIGURES

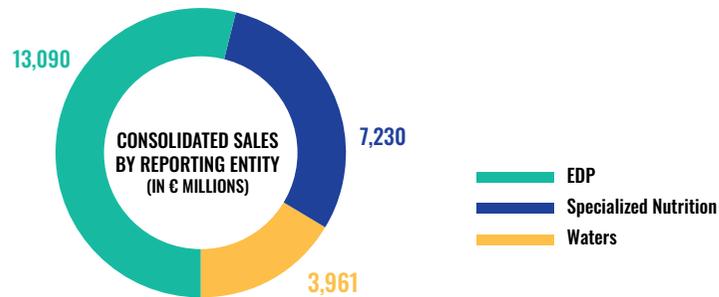
ACTIVITIES

With its purpose to “bring health through food to as many people as possible”, Danone, a global leader in the food market and beverage sector, is structured around the following three Reporting Entities :

- **Essential Dairy Products** (54% of the Company’s sales in 2021);
- **Specialized Nutrition** (30% of the Company’s sales in 2021) which combines the early life nutrition and adult nutrition activities;
- **Waters** (16% of the Company’s sales in 2021).

In terms of value, Danone holds the following leadership positions (in the relevant categories and markets) :

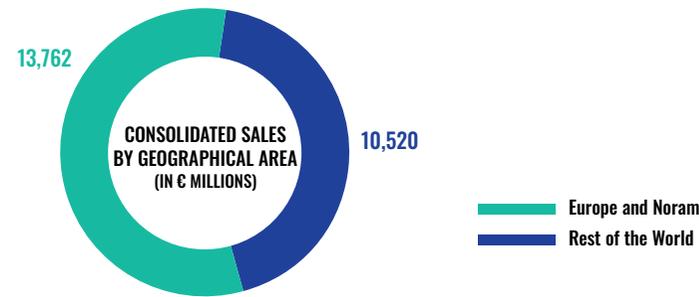
- **No. 1** worldwide for fresh dairy products;
- **No. 1** worldwide for plant-based foods and beverages;
- **No. 2** worldwide for packages waters;
- **No. 2** worldwide for early life nutrition;
- **No. 1** in Europe for adult nutrition.



MAIN MARKETS

Danone’s organization is structured around two geographical areas :

- **Europe and Noram**, which represented 57% of the Company’s sales in 2021, with an activity covering all of Danone’s businesses. The main countries in this region are the United States, France, the United Kingdom and Spain;
 - **Rest of the World**, which represented 43% of the Company’s sales in 2021 :
- **In Latin America**, the main contributors are Mexico, Brazil and Argentina with all the Company’s activities present in this region;
 - **In the Asia / Pacific** region, the leading countries are China and Indonesia thanks to their strong presence in the Waters and Specialized Nutrition Reporting Entities;
 - **In Africa and the Middle East**, the largest markets are Turkey and Morocco, with activity focused mainly on Essential Dairy & Plant-Based and Specialized Nutrition.



EFFECTIVE TAX RATE

27.5%

RECURRING ETR

In 2021, the worldwide consolidated amount of corporate income taxes accounted by Danone amounted to 589 million euros. This represents an ETR of 29.5% in 2021 (as compared to 30.6% in 2020).

The decrease is mostly driven by the abolishment of the initially proposed decrease of the Corporate Income Tax rate to 21.7% in the Netherlands, resulting in the re-evaluation of the deferred taxes in 2020.

(in € millions, except tax rate in percentage)	31/12/2020	31/12/2021
Income before tax	2 488	1 995
Current tax (expense) income	(799)	(663)
Deferred tax (expense) income	37	73
Current and deferred tax (expense) income	(762)	(589)
Effective tax rate	30,6%	29,5%

¹ For a given tax year, the Effective Tax Rate corresponds to the sum of taxes (due and deferred) of the Company and its consolidated subsidiaries, divided by the Company's profit before tax as determined based on applicable accounting consolidation rules.

The Effective Tax Rate¹ ("ETR") of Danone is below the corporate income tax rate in France, where Danone is headquartered.

The difference between the consolidated ETR of Danone and the French corporate income tax rate (28.4% for fiscal year 2021, including corporate income tax surcharges) is reconciled in the Danone's Universal Registration Document (Note 9.1 of the Annexes to the Consolidated Accounts). The difference is mainly due to the difference between the French corporate income tax rate and the corporate income tax rates applicable in the other countries where Danone's profits are taxed. In this respect, Danone's ETR reflects the statutory corporate income tax rates of the countries in which we operate our business.

(in percentage)	31/12/2020	31/12/2021
Country tax rate in France	32,0%	28,4%
Differences between French and foreign tax rates (a)	(10,8%)	(6,6%)
Tax on dividends and royalties	2,7%	3,9%
Permanent differences	1,6%	1,4%
Tax loss carryforwards (b)	1,8%	3,0%
Tax rate adjustments and unallocated taxes (c)	4,5%	(0,3%)
Impact of capital gains and losses on disposal and asset impairment	(0,5%)	(0,1%)
Other differences	(0,7%)	(0,2%)
Effective tax rate	30,6%	29,5%

(a) Various countries, none of which generates a significant difference with the country tax rate in France.

(b) In 2021 and 2020, this comprised the impacts of the non-recognition and impairment of the deferred tax mainly in Latin American countries.

(c) In 2020, this corresponded mainly to the adverse effects of the change in the rate in the Netherlands on the measurement of the long-term deferred tax balances.

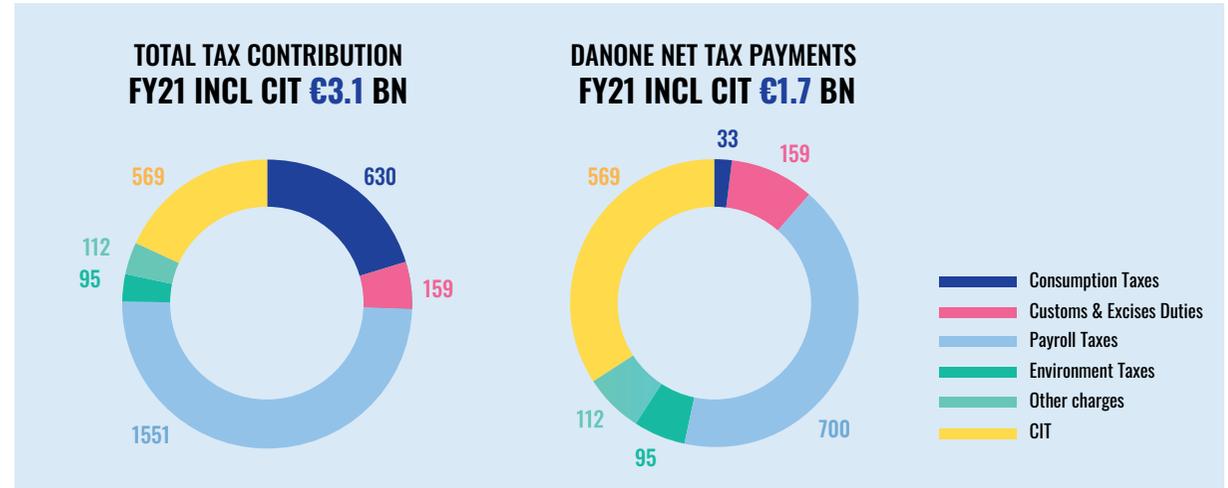
TOTAL TAX CONTRIBUTION

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

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

In 2021, Danone paid a total amount of 3.1 billion euros of contributions (including the amounts collected by Danone on behalf of the local tax authorities) among which a net amount of contributions of 1.7 billion euros.

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



Different category of tax in the Total Tax Contribution:

- **Payroll Taxes** refer to all taxes and social contributions in relation to the employment of staff.
- **Corporate Income Taxes** are paid in all countries where Danone's operations generate business profits.
- **Customs & Excises Duties** correspond to taxes paid on importations and to specific goods due to its ingredients.
- **Environmental Taxes** mainly relate to materials used for our products
- **Consumption Taxes** are mainly composed of Value Added Tax (VAT), Good & Services Tax (GST) and Sales Taxes.
- **Other Charges** consist of all taxes and levies not corresponding to the above-mentioned groups of taxes.

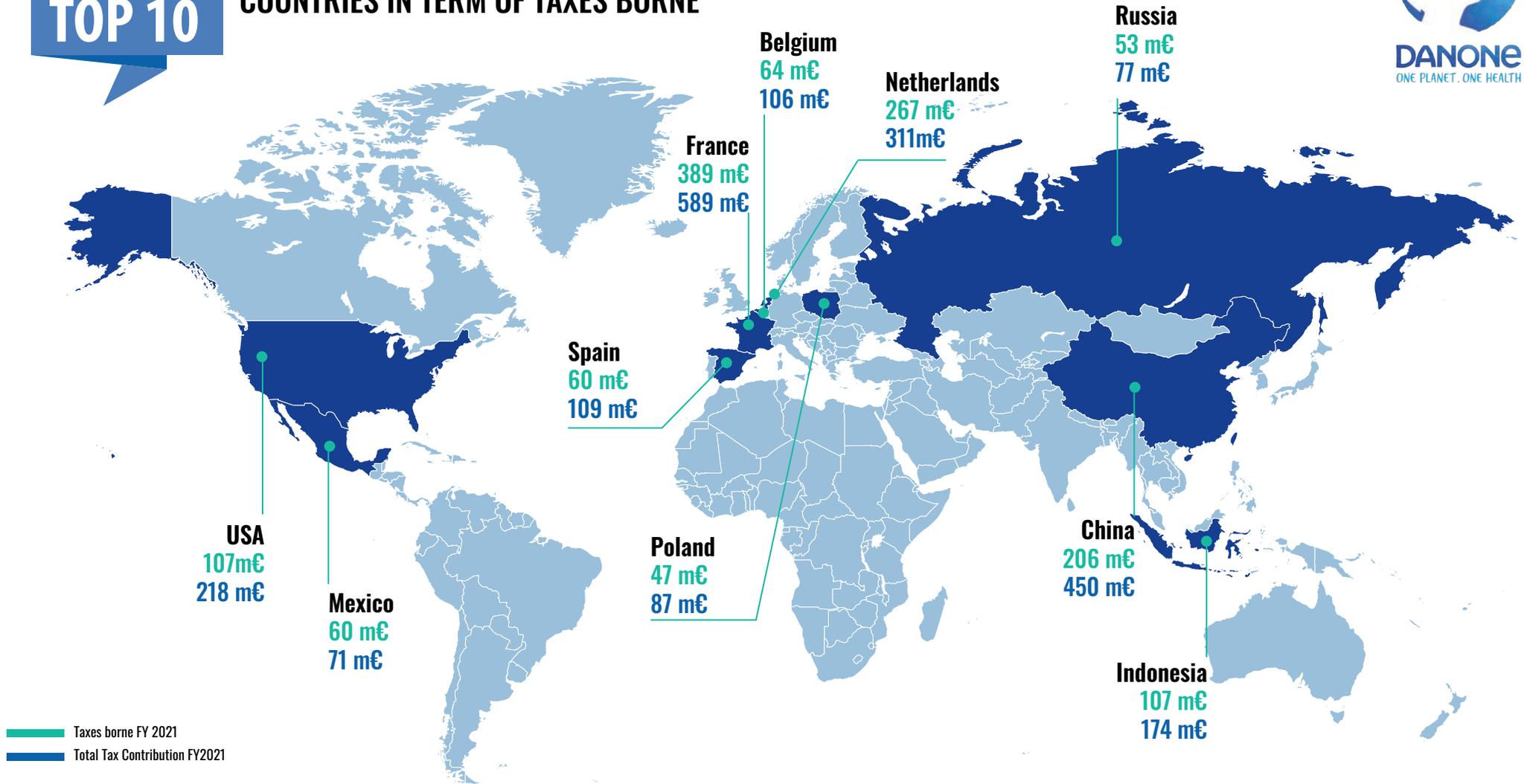
TOTAL TAX CONTRIBUTION

TOP 10

COUNTRIES IN TERM OF TAXES BORNE



DANONE
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TOTAL TAX CONTRIBUTION



FRANCE

Danone bears the highest amount of mandatory taxes in France where *Danone* is headquartered and listed. France is the largest European market in terms of Net Sales for all the business categories. *Danone's* headquarters generate a high tax contribution on payroll. Also, France hosts the main research and innovation center for the Waters and EDP business, manufacturing sites, quality and food safety and marketing & sales functions. In France, the group pays a large range of taxes including corporate income taxes, tax on added value, property taxes, tax on payroll, employer's social contribution and sectorial taxes.



NETHERLANDS

Ever since *Danone* acquired "Royal Numico" in 2008, a Dutch multinational operating in the baby and medical nutrition food industry headquartered and centrally managed from the Netherlands, *Danone* acquired a strong footprint in the Netherlands. Today, this business is operated through the Specialized Nutrition ("SN") division within *Danone*. For SN, the research and innovation, manufacturing, procurement, quality and food safety and global marketing & sales functions are based in the Netherlands. In addition, the Netherlands hosts the research and innovation center – Nutricia Research - for the SN business as well as 3 manufacturing sites as well as a global procurement organization for the *Danone* group. As within other countries, there are also distribution activities for EDP.



CHINA

China is the second largest country of *Danone* in term of net sales. *Danone's* business in China mainly focuses on two business segments: its Waters business where it bottles and sells beverages under the brand *Mizone*, and its Specialized Nutrition business where predominantly *Danone's* international early life nutrition labels such as *Nutrilon* and *Aptamil* are being sold through local sales and distribution organizations. For some years *Danone* has also been manufacturing and selling certain medical products and devices in Eastern China, Wuxi. *Danone* recently acquired manufacturing capabilities in the North Eastern part of China, Qingdao, through which *Danone* aims to expand its local manufacturing footprint for the early life nutrition business. In China *Danone* is mainly paying consumption taxes, property taxes, payroll taxes and corporate income taxes.



UNITED STATES OF AMERICA

Over the years, *Danone* has grown its fresh product American business to include *Activia*, *Danimals*, *Light & Fit*, and *Oikos*. The acquisition of the WhiteWave Foods company in 2017 boosted the ambition of *Danone* in the North American market as well as the plant-based sector through the brands *Silk* and *So Delicious*. *Danone* has also important presence in the Waters and SN market. The United States of America constitute now the first country in terms of Net Sales. *Danone* is paying large range of taxes notably including federal taxes and state taxes.



INDONESIA

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



BELGIUM

When *Danone* acquired WhiteWave Foods company in 2017, it took control over the Belgian iconic plant-based brand *Alpro*. The combination of the historical *Danone* fresh dairy business and *Alpro* businesses has made Belgium one of the major European countries for *Danone*. The plant-based research center is located in Belgium, as well as the manufacturing, quality and food safety and marketing & sales functions. This broad level of operations in Belgium as well as being the *Alpro* headquarters explain the level of taxes being paid in Belgium. *Danone* is mainly paying payroll taxes and corporate income taxes in Belgium.

TOTAL TAX CONTRIBUTION



MEXICO

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



SPAIN

At the end of First World War, the first *Danone* yogurt were created by Isaac Carasso in Spain, which constitute the historical country of *Danone*. Over the past century, *Danone* became the leader in dairy product on Spanish market thanks to its iconic brands *Danone*, *Activia* and *Actimel*, that contributes to the importance of Spain for *Danone's* business. *Danone* is also active in Spain through its water brand *Fontvella*, but also in the SN business through *Nutricia*. The importance of the Spanish business explains the level of tax paid locally. *Danone* also owns research center, production plant and store warehouse that result to high payroll tax, environmental tax and consumption tax on the Spanish territory.



RUSSIA

Russia became an important country for *Danone* when the company took control over *Unimilk* in 2010. Today, Russia is an important market for *Danone*. The company is mostly present through the EDP category with a large portfolio of essential dairy products, from yogurt to milk, kefir and cream.



POLAND

Danone entities in Poland are leaders in the respective product categories they operate in: on EDP business mainly through the global brands *Danio*, *Fantasia* and *Actimel*, on Waters business with local brand *Zywiec Zdroj* and on the SN business with specialized brands *Nutricia*, *Nutrimed* and *Stomed*. The importance of *Danone* activities in Poland through its two offices in Warsaw and Cięcina, and its 7 production plants, explained the level of tax paid locally, notably social contributions, corporate income tax and environmental taxes. Poland also set up a new sugar tax in 2021.



TAX POLICY

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TAX POLICY

In line with its “dual social and economic project”, Danone is committed to manage its tax policy in a responsible and transparent way. This commitment is in line with Danone’s ambition to achieve “B Corp” certification worldwide² and to meet the highest standards in social and environmental performance, transparency, and accountability.

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

² B Corp certification is issued by the non-profit organization B Lab to companies that demonstrate high standards of social and environmental performance. Since 2015, Danone has partnered with B Lab to help define a coherent and achievable certification process for multinationals. In 2021, Danone realized more than 50% of its sales through “B Corp” certified entities around the world.



PREPARE

ENSURING TRANSPARENT AND COMPLETE TAX COMPLIANCE

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

In relation to cross-border transactions, Danone applies the OECD standard and ensures that the transfer pricing policies implemented within Danone respect the “arm’s length principle”³. It is part of the mission of the Danone Tax Department to define the transfer pricing policies of each business and to carefully control their correct application within Danone. Also, Danone prepares a Country-by-Country Report, following the international guidelines which is submitted to the French tax authorities each year.

For Danone, cross-border transactions consist mainly of royalty payments for the remuneration of the intangibles owned centrally, management fees for the remuneration of services provided by the French headquarters or locally by shared service centers, and payments for raw materials and finished products.

Those cross-border transactions are documented in each country and fully disclosed to the local authorities whenever required.

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



³ In order to avoid artificial transfer of profits, the so-called « arm’s length principle » aims at setting the price of intragroup transactions within multinational groups as if they were carried out between independent parties.

PROPOSE

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

The ambition of the Danone tax policy is to bring value to our stakeholders by protecting its overall competitiveness. For that purpose, the Danone tax department monitors the tax situation of the group and ensures that the most relevant options are implemented when available according to local laws and regulations.

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

Due to the complexity of the various tax systems all over the world, multinational groups very often face situations of “double taxation” when the same economic profit is taxed in two different jurisdictions. As part of its mission, the Danone Tax Department seeks to mitigate such situations of “double taxation” by relying on the good application of the tax treaties signed by the countries where Danone operates.

The Danone Tax Department is organized through a corporate team and local professionals working closely with the operations.

The Tax Department is in charge of assisting the business in the development of the operations and contributes to the implementation of the most efficient organization.

When proposing tax solutions, the Danone Tax Department is committed not to implement aggressive tax planning schemes that would disconnect from the conduct of the business or to enter into artificial tax planning arrangements.

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

In that sense, Danone notably provides input to governments and international organizations about potential impacts of tax changes to the economic environment.



PROTECT

ENSURING PREDICTABILITY FOR THE COMPANY

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

In this perspective, the Danone tax department constantly monitors proposed draft legislations around the world, so as to anticipate the financial consequences of tax law evolutions. Besides, Danone regularly reviews areas of tax risks, which may result from potential challenges of the Company's tax positions by local tax authorities. In order to minimize the risks of potential tax disputes, the Danone Tax Department is encouraged to engage proactively with local tax authorities whenever possible. In addition, Danone tax professionals are committed to exchange information with tax authorities in a cooperative and transparent manner.

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

the world where the Company operates its business. An important mission of the Danone Tax Department is to ensure a good defense of the Company by making sure that all technical questions of the local tax administration are answered in due time.

In certain cases, the defense of the Company's interests may lead to litigation processes. The Danone Tax Department is then in charge of following up on litigation processes initiated locally.

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

In 2020, the Netherlands introduced a new approach to Horizontal Tax Monitoring, being the mutual trust relationship practice between a tax payer and the Dutch Tax Authorities since 2005. As a result, Danone, as part of the top 100 tax payers in the

Netherlands, agreed with the Dutch Tax Authorities on a "Individual Monitoring Plan" ("IMP"; only signed by the DTA). This IMP is based on a joint risk assessment where parties will discuss on a regular basis the main risks and developments. The taxes covered are VAT, CIT and Wage tax.

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



TRANSPARENCY ON RECURRING QUESTIONS

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CODE OF CONDUCT

GUARANTEE ON DANONE'S TAX REPUTATION



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

OUR TAX OF CONDUCT TOWARDS THIRD PARTIES

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

COMMUNICATION TOWARDS THE PUBLIC

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

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



CODE OF CONDUCT

GUARANTEE ON DANONE'S TAX REPUTATION

TRANSPARENCY AND COOPERATION IN OUR DISCUSSIONS WITH TAX AUTHORITIES

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

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

CONFORMITY IN OUR RELATIONS WITH PUBLIC AGENTS

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



CODE OF CONDUCT

GUARANTEE ON DANONE'S TAX REPUTATION

OUR TAX CODE OF CONDUCT TOWARDS THE DANONE COMPANY

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

ALIGNMENT WITH DANONE'S STRATEGY

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

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

SUSTAINABILITY OF TAX SOLUTIONS

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

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

OPENESS AND TRANSVERSALITY

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



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

IMPLEMENTATION OF THE DANONE TAX POLICY

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

FOCUS ON SPECIFIC LOCATIONS

Even if there is no universal definition to determine legally and precisely a “tax heaven”, Danone has chosen to share relevant information about its location in some jurisdictions that could be highlighted. Danone reminds that the presence of an entity in a low tax jurisdiction is not necessarily link to tax purposes. In many situations, the income derived by this entity is subject to normal tax rate in its country or in the country of its parent company. Danone applies B Team’s Responsible Tax Principles 3 in its business structure meaning that Danone do not use so-called “tax havens” in order to avoid taxes on activities which take place elsewhere. Danone publishes every year its list of subsidiaries in its website.



HONG KONG, CHINA

Danone has distribution activities for the SN division in Hong Kong under which mainly international labels such as Nutrilon and Aptamil are being sold. Danone furthermore also owns several holding entities in Hong Kong that were mainly inherited through past acquisitions. Danone to date still holds a holding company in Hong Kong that stems from the acquisition of Yili, its China water business that has been divested in 2020, and Hong Kong companies established by a US based group called WhiteWave Foods to support its Asia operations. Danone is in the process of winding down these entities.



HUNGARY

Hungary constitutes a usual place of business for Danone in Europe for its EDP and SN business.



IRELAND

Ireland constitutes a usual place of business for Danone in Europe for its EDP and SN business. Ireland also constitutes an important place of production for the SN business with two production sites in Macroom and Wexford.



LUXEMBOURG

Danone’s legal entities in Luxembourg are mainly a legacy from the acquisition of the WhiteWave Foods company in 2017. Luxembourg was the common base for American multinationals to invest in Europe. These entities play no role in the global tax burden of the group. Danone has initiated several projects during the past few years in order to close most of the Luxembourg inherited entities. Danone also owns a reinsurance company in Luxembourg for operational reasons.



SINGAPORE

Singapore is the regional headquarter of Danone for the Asia-Pacific region including the Middle East. From this location key corporate support services are rendered across the zone, as well as the management of the different regional SN, EDP and Waters related investments is being undertaken from Singapore. Besides strategic management, procurement activities for the global Waters division is led from Singapore as well as the sourcing of milk and other ingredients for the SN manufacturing sites in the region. Singapore also has research facilities housed in the Precision Nutrition D-Lab where capabilities on digital innovation and microbiology, gut, immunology and clinical trials take place. For Danone, Singapore also plays a pivotal role in the management and execution of regional acquisitions and divestments that are of key strategic interest to Danone.



SWITZERLAND

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



UNITED ARAB EMIRATES

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

TAX GOVERNANCE AND APPLICATION OF CORPORATE SOCIAL RESPONSIBILITY STANDARDS

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



BENEFIT CORPORATION (B CORP)

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



GLOBAL REPORTING INITIATIVE (GRI)– STANDARD 207 TAX

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

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

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

THE B TEAM ►

THE B TEAM - RESPONSIBLE TAX PRINCIPLES

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

TAX GOVERNANCE AND APPLICATION OF CORPORATE SOCIAL RESPONSIBILITY STANDARDS

EXTERNAL EVALUATIONS

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



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



Since the latest evaluation of food and beverage sector's companies by the extra-financial rating agency **Vigeo-Eiris**, as of July 2021, Danone was given the CSR (Corporate Social Responsibility) score of 76/100, achieving a sector-leading score (Vigeo Eiris' Global Food Universe), and is considered as an "advanced performer".

In addition, Danone has been included in the ESI Excellence Europe, ESI Excellence Global, Euronext Vigeo Eiris Europe 120, Euronext Vigeo Eiris Eurozone 120, Euronext Vigeo Eiris France 20 and Euronext Vigeo World 120.



In July 2021, Danone received a rating of AAA (on a scale of AAA-CCC) in the **MSCI ESG Ratings** assessment. MSCI ESG Research provides MSCI ESG Ratings on global public and a few private companies on a scale of AAA (leader) to CCC (laggard), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers.

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



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